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NEWS SUMMARY

GENERAL

Pakistan regime gains support

Pakistan's new military regime yesterday received support from leaders of the former opposition Pakistan National Alliance who are not under arrest.

The regime, which ousted Mr. Bhutto on Tuesday has released Pir Pagaro, president of the Pakistan Muslim League amid indications that more politicians may be freed next week.

Such measures suggest that the Army is leaning towards the PNA, particularly the Moslem groups within it. Back Page, Editorial Comment, Page 16

Grunwick mail dispute contained

An immediate threat of widespread industrial action by London postmen receded following yesterday's success of the Union of Post Office Workers in localising the Grunwick mail dispute at the Cricklewood, north London, sorting office. Page 9

Ex-Yard chief found guilty

Commander Kenneth Drury, 56, former head of Scotland Yard's *Flying Squad* and ex-Detective Inspector Alistair Ingram were convicted of corruption at the Old Bailey. The men were found guilty on charges concerning gifts from a Soho strip club proprietor and pornography merchant.

Lynch asks for Callaghan talks

Mr. Jack Lynch, the new Irish Prime Minister, has asked for an early meeting with Mr. Callaghan to discuss fresh initiatives in Northern Ireland. Page 8. Irish politics, Page 4. An Ulster policeman was shot dead and two others wounded in an ambush in Co. Tyrone. More explosives have been found at Belfast's Crumlin Road jail.

Europe poll

Doubts about the possibility of Britain meeting the target data of May-June next year for direct elections to the European Parliament were voiced by Mr. Callaghan. Five Cabinet Ministers are expected to vote against the Europe poll Bill in the Commons to-night. Mr. Michael Foot intends to abstain. Page 13

Tel Aviv blast

A metal pipe filled with explosives to make a bomb exploded in the vegetable market of a Tel Aviv suburb injuring 23 people as Israeli housewives shopped. Carter reassures U.S. Jews, Page 5

Cairo bombs

Two bombs exploded in Cairo wounding nine people. One blast took place in an open air cinema. Body of murdered Cabinet Minister found. Page 6

Fishing fines

A Dutch trawler skipper was fined £25,000 at Lerwick, Shetland, and a Spanish skipper £6,000 at Plymouth, Devon, for illegal fishing.

Briefly...

People in the Stroud Green area of north London suffered the capital's first water shortage of the summer. There were shortages also in Bude, Cornwall, and South Norfolk. Page 9

President Amin has agreed to allow a UN mission to visit Uganda to look into human rights, Dr. Kurt Waldheim, UN secretary-general, said.

King Juan Carlos is to open Spain's new democratic Parliament in Madrid on July 22. Page 4

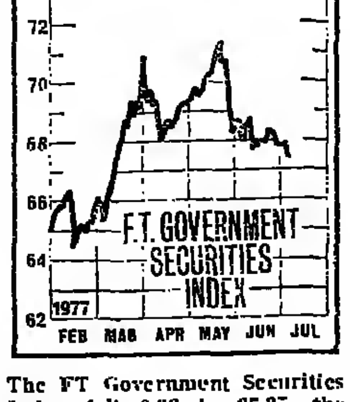
The literary manuscripts and correspondence of William Beckford, the early 19th century collector, fetched £120,000 at Sotheby's. Saleroom, Page 2

The widow of a Cambridge dustman who was crushed to death by the rubbish compressor on his lorry was awarded £25,000 agreed damages in the High Court.

BUSINESS

Setback to gilts; equities off 5.1

● GILTS retreated as market sentiment was undermined by worries about pay and inflation.



The FT Government Securities Index fell 0.38 to 67.37, the lowest for nearly four months.

● EQUITIES closed at the day's lowest in thin trade. The FT 30-Share Index fell 5.1 to 445.9.

● STERLING gained 3 points to close at $1.7207 and its trade-weighted index rose to 61.1 (61). Dollar improved, its trade-weighted depreciation narrowing to 1.90 (1.99) per cent.

What is wrong with the dollar, Page 16

● GOLD fell 50c. to $140.875. IMF sold almost all gold on offer at its latest auction for a common price of $140.26. Page 5

● WALL STREET fell 5.86 to 907.73.

● FRENCH Prime Minister, M. Raymond Barre, has warned the U.S. and Japan that Europe could act to protect its high technology industries unless steps are taken to ensure fair international competition. Back Page

● EEC Commission will limit the growth of some types of textile imports. The action is intended to supersede unilateral French trade curbs, but will extend some import relief to producers in all EEC countries. Page 7

Imports take 43% of U.K. car market

● IMPORTS took 43 per cent. of the U.K. car market in the first half of this year and U.K. makers now fear they may permanently lose 40 per cent. of the market to imports. Back Page. Ford has ruled out further car assembly investment in Britain until productivity at Dagenham and Halewood shows signs of coming up to Continental standards. Page 8

● ANOTHER JAPANESE company, Sekisui, the plastics and chemicals maker, will begin operations in Wales, where Sony, Matsushita Electric and Takiron already have plants. Page 7

● LOCAL COUNCILS will be told to give top priority to manufacturing industry in planning matters in order to help the Government's industrial strategy. Page 8

● SOUTH AFRICA may have found its first new goldfield for 25 years. Speculation has been aroused by a spate of drilling activity. Back and Page 35

● AUSTRALIA is removing most of the restrictions which it imposed on overseas borrowings six months ago in the wake of its currency devaluation. Page 6

COMPANIES

● ENGLISH CARD Clothing made pre-tax profit of £2.86m. (£1.55m.) in the year to April 2. Page 32

● BARKER AND DOBSON made a £0.65m. trading loss in the 53 weeks to April 2, compared with a £2.4m. deficit the previous year. Page 32

● HANSON TRUST has completed two U.S. deals—a sale and an acquisition—which will generate a net cash sum of £8m. Page 33

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Abercom Invs.	125	+ 11
Bell (A.)	242	+ 5
Blackman & Conrad	22	+ 2
Bonser Engineering	24	+ 3
Campbell & Isherwd.	95	+ 15
English Card Clthng.	56	+ 5
Lep Group	255	+ 23
Root Harvesters	54	+ 3
Union Discount	340	+ 10
Waddington (J.)	178	+ 18
Doornfontein	170	+ 6
Gopeng Cons.	210	+ 8
Kloof Gold	340	+ 11
Stilfontein	195	+ 6
Union Corp.	248	+ 18

FALLS:

Exch. 13% 1980	£105½	− ⅞
Treasury 11¾% '91 (£15 Paid)	£12¼	− ⅝
War Loan 3½%	£28¼	− ½
Assoc. Newspapers	170	− 6
Channel Tunnel	63	− 22
Daily Mail A	277	− 13
Gallenkamp (A.)	300	− 12
Furness Withy	318	− 10
Lex Service	80	− 5½
Lucas Inds.	277	− 8
Marks & Spencer	114	− 5
Metal Box	318	− 4
Moran (Christopher)	74	− 4
Redfearn Nat. Glass	193	− 26
Stockholders Inv. Tst.	71	− 4
Tate & Lyle	196	− 4
Taylor Woodrow	338	− 6
BP (Partly-paid)	375	− 8
LASMO "ops"	330	− 5
Cons. Murchison	350	− 10

ECONOMIC STRATEGY IN THE MELTING POT

The Transport and General Workers' Union yesterday voted for a return to "unfettered collective bargaining" from the end of this month against the advice of Mr. Jack Jones, their General Secretary, and contrary to the policy set out by the TUC General Council.

The Cabinet will meet to-day to determine how to restore credibility to its economic strategy and avoid an early general election. The Prime Minister is expected to step in rapidly to exert his influence on the trade union leadership and membership, but Liberal MPs warned last night that if no grip is taken on pay policy there is little chance of their pact with Labour being renewed next session.

Mr. Denis Healey, the Chancellor, will face questions on pay in the Commons this afternoon and will lead a team of Ministers at meetings with the TUC Economic Committee next Tuesday when he is expected to spell out proposals for restraining prices and for pay policy in the public sector.

The vote yesterday increases doubts about whether a full 2p cut in the standard rate of income-tax will be proposed in the Finance Bill report stage next week and about the continuation of profit margin and dividend controls which depend on a continued pay policy.

The CBI believes that the main defence against a wage explosion is the Government's attitude to its own employees and hopes that a White Paper will put a firm figure on maximum pay rises permitted in the public sector.

TGWU votes for free pay bargaining

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT, Isle of Man

TWO YEARS of self-imposed wage restraint by TUC unions came to an end yesterday when Britain's biggest union, the Transport and General Workers, voted for a return to "unfettered collective bargaining" from the end of this month.

Inflicting an unprecedented defeat on Mr. Jack Jones, their general-secretary, delegates to the union's conference here effectively wiped out any chance of the annual Trades Union Congress maintaining its framework for an orderly exit from Phase Two of the incomes policy.

The TUC General Council decided recently that in order to prevent a pay explosion the Phase Two rule maintaining a 12-month gap between pay settlements should continue.

The TGWU conference decision, on a close but still decisive show of hands, opened the door to a possible wave of pay demands from August 1 and hence the prospect of a Government-imposed but probably not statutory pay policy, at least in the public sector.

It also struck at the heart of the social contract, even though the liaison between the unions and the Labour Government will clearly continue.

Ministers had been confident that Mr. Jones, the motive force behind the last two years of rigid self-restraint, would be able to deliver up the 12-months rule that would carry many major groups of workers—including the miners—well into next year.

That timing is seen as vital, because it allows the promised drop in inflation rate to materialise.

The full impact of the TGWU decision will be digested at next week's meeting of the TUC economic committee. But with the 1.9m.-strong transport workers and the 1.3m. engineers, along with the miners and other strong industrial groups in favour of an immediate lifting of controls, it is hard to see how the TUC can pursue or deliver any kind of agreement with the Government on pay.

The big unions are now in the anomalous position of opposing the policy supported by their own leaders on the TUC General Council.

As Mr. Jones said yesterday after the vote, discussions with the Government will now be a matter of pressing for action on prices, industrial investment and jobs in order to provide the climate that will encourage shop stewards to seek "reasonable settlements" on their due date.

He was disappointed, but by no means downcast by his defeat — a defeat he sustained with considerable dignity and without apparent loss of popularity.

The result of the vote was received with jubilation but almost immediately, the delegates rose to give Mr. Jones a huge ovation at what is his last biennial conference.

Editorial Comment, Page 16
Blastfurnacemen reject Phase Three, Page 9
CBI view, Back Page

Such was the atmosphere, that some delegates were reduced to tears.

Afterwards Mr. Jones ascribed the decision to the impact of prices on working families and also to the problems inside Leyland, a bastion of TGWU membership.

Leyland, in the wake of the toolmakers strike, is trying to untangle its wage structure. The company is trying to move towards a common date for pay settlements in November, a move that would have been blocked by the 12-month rule.

Despite the vote, he said, many of the delegates had shown that they meant to abide by that rule.

"I am not beyond hope. I still believe the Labour Government will remain there. I hope very much the Liberals will not regard the decision that we have made as without significance and will continue to associate with the present Government, because that is in the interests of the country."

Asked about the Government's likely reaction, he said that the Chancellor's 10 per cent. earnings target for the next 12 months was "never a runner at all" and that Mr. Healey had been told that by the TUC.

"A lot will depend now on the attitude of employers and union representatives." But he admitted that there was a danger of a pay explosion and a General Election—warnings he had sounded in his speech to the delegates. But the union would not be "going on the rampage."

Attention focuses now not only on the miners—who in the first shock of this week threw out a productivity scheme and whose pay demand must be taken very

Continued on Back Page

Cabinet will meet to-day

BY RICHARD EVANS, LOBBY EDITOR

SENIOR MINISTERS, visibly shocked yesterday by the major breaches developing in trade union support for incomes restraint, meet in Cabinet today to decide how to restore credibility to the Government's economic strategy and avoid the prospect of an early General Election.

Liberal MPs made it clear again last night that if no grip is taken on the pay front, there is little chance of securing the continuation of the Parliamentary pact next session. With the Government in a minority of three this would inevitably mean an autumn General Election.

Economic Ministers, although fully acknowledging the gravity of the situation, claimed that all was not lost by the decisions of the miners and the transport workers to go for pay agreements well beyond acceptable limits.

There were indications that Mr. Callaghan will step in rapidly to exert his influence on the trade union leadership and membership, emphasising the inevitability of a Tory administration under Mrs. Thatcher if he is forced to go to the country this year.

First priority

The first priority will be to restore credibility to the current Phase Two of the pay policy by securing a firm commitment from the unions to hold to the 12-month period between pay agreements. If this is seen to be wrecked, Ministers accept there is little hope of securing any sort of Phase Three.

There were hints last night that Ministers, with the active backing of Liberal MPs, might seek to impose statutory provisions to ensure that the 12-month period is maintained, but there is no guarantee that such legislation could overcome opposition from the Conservatives and the Tribunite left.

Mr. Callaghan entered the argument yesterday by attacking those who wanted to "smash" the pay code.

"I have never thought that a free-for-all was a very socialist principle. Every man for himself is one phrase I have heard and another is 'smash the whole thing up.' I don't know what the pioneers of socialism would have to say about that and it is certainly not a system I would expect to see," he said.

The political dangers facing the Government come from the growing threats of the Liberals to cut their losses and abandon both the Government and themselves to whatever fate a General Election would have in store.

Ministers are still taking the threats fairly casually but there seems little doubt that however much Mr. David Steel, the Liberal leader, might want to see the pact continuing, he could not gain party backing for maintaining in office an administration with a totally wrecked economic strategy.

The Liberals were arguing forcefully that if the pay gates are opened wide, inflation would soar and there would be no prospect whatever of the Government restoring economic prosperity before an election. In those circumstances the Liberals would rightly be massacred with Labour at a delayed election.

The threats were put graphically by Mr. John Pardoe, the party's economic spokesman, last night when he was asked whether the pact would be at an end if the Government failed to introduce statutory controls for Phase Two and then failed to secure Phase Three.

"I think that is now extremely likely. The Government could take the alternative course of relying on the money supply and cash limits in the public sector, but that would be unlikely to work quickly and in the meantime a complete disruption of Phase Two would lead to chaos. I don't intend to sit around being part of that chaos," Mr. Pardoe said on Independent Radio News.

Pressed to agree whether the price of Liberal support would be statutory controls, he said: "If the TUC cannot deliver their commitment to Phase Two, then the Government has to show it can govern by imposing a statutory policy to enforce Phase Two, or get out."

The Liberal attitude could be affected significantly by the result of to-day's by-election at Saffron Walden where the Liberals came a strong second at the General Election. The poll is widely regarded as the most effective test so far of the effect on the electorate of the Lib-Lab pact. The result will be announced at mid-day on Friday.

£ in New York

	July 6	Previous
Spot	$1.7205-7210	$1.7204-7207
1 month	0.45-0.38 dis	0.45-0.40 dis
3 months	1.52-1.47 dis	1.41-1.36 dis
12 months	6.35-6.15 dis	6.25-6.15 dis

Government reviews plans

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT was last night undertaking an immediate review to see what can be salvaged from its pay policy after the Transport and General vote.

The union's decision threatens not only the possibility of an agreed view on wages, but also the 2p conditional cut in income tax, the price restraint proposals expected later this month, hopes for a "reflationary" package in the autumn and the continuation of profit margin and dividend controls after the end of this month.

Mr. Denis Healey, the Chancellor of the Exchequer, was last night making no comment, but he is certain to be pressed hard in the Commons this afternoon as it is the Treasury's turn at Question Time.

The present intention is still that Mr. Healey will meet trade union leaders next Tuesday before the key meeting of the TUC Economic Committee the following day. The Government will have to decide soon afterwards both what it says about pay and what it does about the conditional income-tax reliefs, since the Report Stage of the Finance Bill is due to start in about a week.

The foreign exchange market reacted calmly to the TGWU vote and the pound remained firm, rising 3 points on the day to $1.7207. The trade-weighted index also improved slightly from 61 to 61.1.

The view of dealers last night was that the market had already been discounting not only a very flimsy agreement on pay—if there was one at all—but also an acceleration in the rate of earnings growth in the year from July.

The Government's intention last night was still to press ahead on the basis of the TUC General Council resolution, including the pledge to continue the 12-month rule.

Mr. Healey is expected to use his meeting with the TUC leaders next Tuesday to spell out in more detail than before the Government's proposals for restraining prices.

These are expected to include the postponement of certain nationalised industry price increases and the rise in school meal charges due this autumn, as well as the maintenance of some food subsidies. These items are not likely to be substantial financially, amounting perhaps to between £200m. and £300m.

The Chancellor is also likely to give a clear lead on pay policy in the public sector, with or without a formal deal.

Mr. Healey will make clear the implications that the absence of a formal pay policy carries if there is a wage explosion not only for unemployment and prices but more directly for the Finance Bill and for the continuation of profit margins and dividend controls.

After these meetings some form of Government statement is likely before the end of next week, linked to the Finance Bill Report Stage.

One big issue to be resolved is the definition of what constitutes a pay policy, since the existence of both profit margin and dividend controls is dependent on some form of policy continuing after the end of July.

The discretionary investigative power on prices under the Bill now before Parliament will be unaffected. However, the removal of margin controls is unlikely to make a large immediate difference to prices since most companies are operating well within their reference levels.

The Government will also have to decide which of the possible cuts in income tax to propose, since there is not expected to be enough room within the public sector borrowing requirement ceiling to include the 2p conditional cut in the standard rate of income tax as well as the increase in tax allowances approved — against Government wishes—at the Report Stage and the price restraint proposals.

It was emphasised again last night that the 2p cut in the standard rate is still conditional on some form of new pay policy being agreed.

One possibility could be that the Government will only propose a 1p cut, but will accept the increase in allowances inserted into the Bill in committee for political as much as financial reasons.

Accountants reject Morpeth

BY MICHAEL LAFFERTY, CITY STAFF

A SIGNIFICANT majority of members of the English Institute of Chartered Accountants, Britain's largest accountancy body, voted yesterday against the compulsory introduction of the current cost accounting (CCA) system of adjusting financial statements for inflation.

In doing so they voted against the advice of the Institute's council which only recently affirmed its support for the rapid introduction of CCA.

Mr. Edmund Dell, the Secretary of State for Trade, is due to answer a Parliamentary question to-day on the Government's policy on the matter in the light of the chartered accountants' vote. Mr. Neville Trotter, the Conservative chartered accountant MP for Tynemouth, has asked him whether he considers that CCA should be obligatory for public companies, public corporations, other limited companies, and other businesses. In addition, Mr. Trotter wants to know whether CCA figures should be published either instead of or in addition to historic accounts, and to what extent the U.K. will be required to comply with EEC requirements.

The poll amounted to a referendum on whether CCA should be the basis for the main financial statements of companies.

Its outcome effectively means that all existing plans for the implementation of the present Morpeth CCA proposals will go *by the board*.

What will replace them is far from clear, although a number of initiatives to salvage something are expected in the next few months.

The chartered accountants voted at a special meeting roughly in the ratio of 54 to 46 against making CCA mandatory. Over 700 accountants attended the meeting, and 28,296 voted by proxy, in what was one of the highest polls in the Institute's history.

Shortly after the meeting, the Institute's council issued a statement saying it had given consideration to the vote, and had taken note of the views expressed.

The statement went on to say that the council reaffirmed its view that the introduction of an acceptable system of accounting "in the face of inflation" was urgently needed.

But it also recognised there should be a reappraisal of the approach to the matter.

The council statement concluded with a promise that the Institute would urge the Accounting Standards Committee, the body which determines company accounting standards, to hold further consultations with representatives of finance,

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FEATURES

For latest Share Index 'phone 01-246 8026

LOMBARD

Mr. Urwin has the answer

BY GEOFFREY OWEN

MR. HARRY URWIN, deputy general secretary of the Transport and General Workers Union, is said to be one of the most influential and respected trade union leaders in the country. He belongs neither to the extreme Left nor to the extreme Right. He has long practical experience of collective bargaining and the industrialists who have dealt with him hold him in high esteem. His appointment to the National Enterprise Board, the Industrial Development Advisory Board and Sir Eric Roll's Committee on Finance for Investment (a rival body to the Wilson Committee) provides further evidence of Mr. Urwin's eminence. Mr. Urwin is a sensible man who knows about business. So when he talks about what is wrong with British industry and what should be done to put it right, we must listen attentively.

Asset strippers

In a speech to the annual conference of his union this week Mr. Urwin blamed merchant banks, asset strippers and "financial spivs" for the deterioration of large areas of British industry and its inability to restore full employment. He was particularly scathing about the merchant banks, which "have failed industry absolutely." The merchant banking system "is the last refuge of every Tory politician, and the social security system of the top people in our society," according to Mr. Urwin. Industry had been raped by asset strippers and financial spivs to the point where companies like British Leyland, Ferranti and Alfred Herbert, leaders in their own fields, had had to be rescued by the Labour Government.

There are two possible explanations for this outburst, both equally depressing. One is that Mr. Urwin believes what he is saying. If so, he suffers from a total misunderstanding of what makes a company succeed or fail and of what role merchant banks play in British industry. As he should know better than anyone, whether a company provides stable employment and rising wages to its workforce depends above all on how well or badly it is managed. It was not the merchant banks which were responsible for the decline of British Leyland and Alfred Herbert, but the management of the companies themselves. The merchant banks play a rather modest role in the industrial system. They are primarily financial technicians who offer services to industrial companies for a fee. While some individual merchant bankers may have an important advisory position in certain companies, the ability of merchant banks to influence the performance of industry in general is extremely limited.

It is true that merchant banks do sometimes employ Tory MPs in a non-executive capacity, but does that really justify an attack of this kind from a man of Mr. Urwin's moderation and good sense? If he was really looking for defects in the financial system, he would have done better to concentrate on the role of the institutions as the dominant owners of British industry.

The clearing banks in their recent evidence to the Wilson Committee referred fleetingly to the possible existence of what they called a "proprietorial gap." As they put it, "the proprietorial functions traditionally discharged by the individual entrepreneur and the private shareholder in the past have not been perfectly assumed by to-day's professional manager and institutional shareholder." This is a complex issue which does not lend itself to ringing denunciations at union conferences; blaming the institutions for the failings of British industry is just as unhelpful as blaming the merchant banks. But at least it is a genuine problem on which Mr. Urwin might have had something interesting to say.

The other explanation for Mr. Urwin's attack is that it was designed for effect; it was the kind of thing his audience wanted to hear. But don't senior trade union leaders like Mr. Urwin have some responsibility for telling their members the facts, rather than merely pandering to their prejudices?

Misleading

Again and again one hears the same tired themes — that industry's problem is lack of investment, that the City has failed the nation through not supplying enough finance, that companies have failed the nation by investing overseas rather than at home, and so on. Detailed evidence which conflicts with these views is ignored. It would be unreasonable to expect people like Mr. Urwin to become articulate proponents of the capitalist system or even of the mixed economy, but it would be helpful if they stopped talking nonsense and tried to raise the level of debate. If they don't, they can hardly complain if people on the other side go on arguing an equally misleading case — that all our troubles are due to the trade unions.

RACING — BY DOMINIC WIGAN

Marinsky for July Cup

IN THE absence of Europe's top sprinter, Godswalk, it could pay backers to take a chance with the colt's deputy, Marinsky, in to-day's renewal of the July Cup.

Although he proved a notable disappointment in the St. James's Palace Stakes at Royal Ascot last time out, looking far from resolute in going down by a head to Don, it could well be that Marinsky prefers to head the field from the outset.

If this is the case, Marinsky, a half-brother to that outstanding miler of a few years ago, Thatch, may show more enthusiasm and be able to lead from start to finish, as he did at the Curragh on his racecourse debut.

I take Vincent O'Brien's beautifully - bred Northern Dancer colt to boost his stud value with a victory over the likely favourite, He Loves Me, the game winner of the Cork and Orrery Stakes.

There was a lot to like about the way the two-year-old Royal Emblem kept to his task when finishing a highly encouraging fourth behind some more forward rivals in the Plantation Stud Stakes at the last meeting here. This son of Fortezza could prove up to lifting the Fulbourne Maiden Stakes, won a year ago by J. O. Tobin.

Lester Piggott, who partnered Seattle Slew's recent conqueror on that occasion, is on this likely favourite, Fast Colour. This Red God colt may provide the chief danger.

I give another chance to Henry Cecil's juvenile Yonder He Goes in the Limekilns Stakes.

The colt, who never looked like taking a hand in the finish when a firm favourite for a similar event at Doncaster recently, had previously put up a fine performance when third behind yesterday's July Stakes winner, Royal Harmony, at York. A reproduction of his Knavesmire running will probably see him home.

NEWMARKET	
2.00	Cavalier's Blush
2.30	Princely Gerona
3.05	Marinsky***
3.35	River Dane
4.05	Yonder He Goes**
4.40	Royal Emblem*
5.10	Gershwin
BRIGHTON	
2.00	Mogul
2.30	Allez Britain
3.00	Orient Boy
3.30	As Dug

The Go Racing in Yorkshire advertising campaign seems to have got through even to Warsaw, for this week-end the director of the Polish Jockey Club will be visiting York and Doncaster as part of the preparation for a Polish challenge later this season.

A total of eight Polish horses have been entered for the Benson and Hedges Gold Cup, the William Hill Sprint Championship, the Great Voltigeur Stakes and the Yorkshire Oaks —all at the York August meeting. Seven of the original 11 Polish entries are acceptors for the William Hill Futurity Stakes at Doncaster in October.

If present plans are fulfilled, the Polish horses will be the first from an Eastern European country to challenge for flat race prizes in the U.K., although the Russians made an unsuccessful bid for the Grand National in 1961.

SALEROOM BY ANTONY THORNCROFT

British paintings bring £457,510

THERE WERE another two very important auctions at Sotheby's yesterday—British paintings, which brought in £457,510, and letters and manuscripts, which totalled £335,603. The letters were the most exciting, providing probably the best sale of its kind ever at Sotheby's.

The top price was the £120,000 (plus the 10 per cent. buyer's premium) paid by Blackwell's, the Oxford bookshop, for the archive of William Beckford's literary manuscripts, letters and personal papers. The price was above forecast and is a record for an English archive.

Beckford, an extremely rich dilettante, lived from 1760-1844 and has been described as "one of the first men in England who could afford to be an eccentric on the grandest scale."

An author, he knew most of the leading artists of his time and his collections contained many treasures. Blackwell's intends to keep it in the U.K., and perhaps to publish some of the previously unpublished documents.

Another record was the £40,000 paid by Quaritch for the autograph manuscript of "Volume the Second" by Jane Austen, which contains three of her early works, letters, and scraps, and some illustrations by Cassandra Austen. This is regarded as the last manuscript of a substantial work by Jane Austen likely to come on the market.

A collection of lots covering original manuscripts of Coleridge and Wordsworth went as a whole to Seven Gables Bookshop, of New York, for £35,000. They included a group of letters from Wordsworth to his wife. An export licence will be needed to take the manuscripts out of the country.

R. A. Lee paid £11,000 for an archive of papers concerning the earliest transportation of convicts to Botany Bay between 1786-89.

In the picture sale, a private English buyer gave £92,000, plus the 10 per cent for "A Peasant Girl Gathering Faggots" by Gainsborough, which was sold by the Beaverbrook Foundation. The price was well above forecast.

Another good result was the £66,000 from Baskett and Day for a portrait of William Augustus, Duke of Cumberland, when a boy, by Hogarth. It is an auction record for Hogarth, whose work rarely comes on to the market.

Other good prices were the £26,000 from the same English buyer for "Portraits of Alicia and Jane," daughter of Richard Clarke, by Arthur Devis; £12,000 for a view of Durham by Alexander Nasmyth; and £9,000 for a view of Castellmare, near Sorrento, by Thomas Hofland. The National Portrait Gallery, through Leggatt's, acquired a portrait of William Thomas Lewis, the comedian, by Gainsborough Dupont.

Detail from Gainsborough's 'Peasant Girl' sold for £92,000.

BRITISH OPEN GOLF — BY BEN WRIGHT

Schroeder takes the lead with record first round

JOHN SCHROEDER, son of the former Wimbledon tennis champion Ted Schroeder, a first-time visitor to the Open Championship, took the lead at the edge of twilight last night with a course record first round of 66, four under par.

The bespectacled Schroeder has been a journeyman professional on the United States tour for some years.

But in 1977 he has played with ever increasing confidence, and ran second in the Colonial National Invitational Tournament in Fort Worth, Texas in May.

He came here to the 106th Open Championship at Turnberry brimming over with confidence because his game had been in good shape for some weeks. This likeable young man from California has been enamoured of everything he has found here, not least the weather.

Schroeder made his score possible with two birdies immediately after the turn at the 10th and 11th holes. He took command of the championship on this extremely long first day by getting down from sand in two shots at the 500 yards 17th hole for a birdie four, and by holing an eight-foot putt at the last for a fourth homeward birdie and an inward half of 31.

Schroeder leads from Yorkshireman Martin Foster, aged 25, who was round in 67.

Favourite Jack Nicklaus and second favourite Tom Watson are both at 68, as is Lee Trevino. At 69 were the brilliant 20-year-old Spaniard Severiano Ballesteros, the defending champion Johnny Miller and the unknown American, Gaylord Burrows.

While at 70 are Hale Irwin, Big George Burns, Chi San Hsu, Channel Islander Tommy Horton and the 1976 U.S. Masters Champion Ray Floyd.

At 71 come the black South African Vincent Tshabalala and American Roger Maltbie. Amongst those at 72 is Tony Jacklin, who made birdies at the last two holes to finish at that figure.

It has been a miserable year for Martin Foster. At the moment he is 53rd in the order of merit and has won little over £1,000. A big contributory factor has been a painful ganglion in his right wrist that requires surgery in the near future.

Foster hit his lowest ebb just two weeks ago when he failed to make the cut in the UniRoyal tournament. But his fortunes improved dramatically last week when he won a minor Round Robin tournament in Aberdeen.

Yesterday Foster tried to rap the ball, and was eminently successful. Foster got away to a brilliant start with birdie twos at the par threes, fourth and sixth holes, hitting a five iron shot seven feet from the hole at the 167-yard fourth, and nearly hitting the flagstick with a three wood shot at the 222-yard sixth hole. Here he rolled in the tricky downhill putt from 20 feet.

Foster dropped one of only two shots to par at the 8th hole, where he was lucky when over-clubbing to hit a spectator behind the green with his second shot.

He birdied the 14th hole, after his best drive of the day and then played a poor wedge shot into the burn in front of and to the right of the 18th green.

He knew, as did his caddy, as they conferred on the 17th tee that an eagle three was very necessary at this 500-yard hole. And Foster duly obliged, hitting the green with a two iron shot and holing out from 18 feet.

Watson was not too happy with his iron shots. Nicklaus complained that he got away to a bad start. Trevino did not complain about anything which is hardly surprising, since he arrived here only yesterday morning after a miserable 26 hours for an aircr[aft from] Montreal.

The happy Mexican gav[e him]self no chance of w[inning] yesterday, but may soon b[e obliged to] revise that opinion.

Ballesteros played his [...] game, hitting two fairways out, and one coming back[...]

Irwin, the bespectacle[d] Open Champion of 197[4,] particularly well to rec[over] miserable outward half almost holing his second s[hot at] the 14th for a birdie, bu[t] past putt across the 15th for another and making an three after a lovely iron s[hot] feet from the 17th hole.

The new "white hop[e of] British golf, Nick Faldo, a sound and solid opening of 71, which was match[ed by] his more renowned partne[r] Crenshaw and later by Player.

The man who had my c[...] sympathy yesterday morni[ng was] the legendary Arnold [Palmer] who, two months short [of his] 47th birthday, was [under] watch as the special Henry Cotton, three time Champion, took 93 shots. did very well to take c[are of] himself, and the other m[ember] of the trio, Christy O' Senior, took 75.

Martin Foster's early hopes are dashed by Schroeder's co[urse] record first round.

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40 a.m. Open University (UHF only). 10.45 On the Move. 10.55 Golf—The Open Championship; and Cricket — Second Test: England v Australia. 1.30 Ragtime. 1.45 News. 2.00 Golf: The Open/Cricket: Second Test. 4.18 Regional News (except London). 4.20 Play School (as BBC 2 10.55 a.m.). 4.45 Asterix the Gaul. 5.10 We Are The Champions 1977. 5.35 Ludwig.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 The Whole Universe Show.
7.15 Top of the Pops.
7.45 Max Bygraves Says "I Wanna Tell You a Story."
8.30 Mr. Big.
9.00 News.
9.25 The Frost Programme.
9.55 Omnibus.
10.50 Silver Jubilee review of the British Army.
11.20 To-night.
12.00 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—4.45 p.m. Crystal Tipps and Alistair. 4.50-5.05 Y Tren Sgrech. 5.55-6.20 Wales to-day. 6.45-7.15 Heddiw. 9.55 Rendezvous Llangollen. 10.20-10.50 Border River: journey following the river Monnow. 12.00 News and Weather for Wales.

Scotland — 9.40 a.m. The Wombles. 9.45 Jackanory. 10.00 Boss Cat. 10.25-10.45 Country Search. 5.55-6.20 p.m. Reporting Scotland. 12.00 News and Weather for Scotland.

Northern Ireland—4.18-4.20 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 a.m. Open University.
10.55 Play School.
11.20 Silver Jubilee: Review of the British Army by The Queen and The Duke of Edinburgh.
2.10 p.m. Golf: The Open Championship and Cricket: Second Test, England v Australia.
7.20 News on 2.
7.40 In Her Majesty's Service.
8.00 Ealing Cinema: †8.00 Gaumont British News (December, 1955); †8.10 "The Ladykillers," starring Alec Guinness, Herbert Lom and Peter Sellers.
9.35 Shirley Bassey.
10.20 Golf/Cricket: highlights.
11.00 Late News on 2.
11.50 Closedown: Julian Glover reads "Address not Known," by John Heath-Stubbs.

LONDON

9.30 a.m. Summer School. 10.15 Spiderman. 10.35 Thursday Morning Film: "Conflict of Wings." 12.00 The Wombles. 12.10 p.m. Gammon and Spinach. 12.10 p.m. Rainbow. 12.30 Treasures in Store. 1.00 News. 1.20 Thames News. 1.30 Quick on the Draw. 2.00 Good Afternoon. 2.25 Racing from Newmarket. 3.45 The Royal Show. 4.20 The Time Tunnel. 5.15 Shadows.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 Get Some In!
7.30 Charlie's Angels.
8.30 This Week.
9.00 Best Sellers (Part 1).
10.00 News.
10.30 Best Sellers (Part 2).
11.15 The ITN Story.
11.45 What The Papers Say.
12.00 News.
12.05 a.m. Close: Tao Te Ching read by Madhav Sharma.

All IBA regions as London except at the following times:

ANGLIA — ATV — BORDER — CHANNEL — GRAMPIAN — GRANADA — HTV — SCOTTISH — SOUTHERN — TYNE TEES — ULSTER — WESTWARD — YORKSHIRE

F.T. CROSSWORD PUZZLE No. 3,424

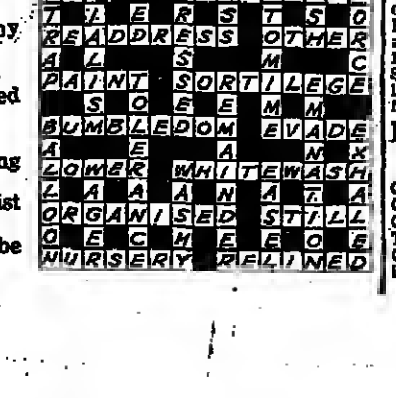
ACROSS

1 Dearth of footballers at pit (6)
4 Clutter one in eight noticed (3-5)
9 Failure I have in communication (7)
10 Amuse with trick (7)
11 Avoid going through with part of female dress revolution (5, 5)
12 Bound to be drawn (4)
13 Scrum offering me shelter (5)
14 Engineers keen to introduce limit (5)
16 Learn to work for jam (8)
18 Beastly impudence is a bloomer (5)
20 Notice part of France's pyrotechnics (4)
21 Snack for Cheshire to register (6, 4)
24 Local to head one American state (7)
25 Comfortably inhabited by animated racket (5, 2)
25 Right to go in of course (6)
26 Contemptible when spotted (6)

DOWN

1 First of the few taking chance with search (5)
2 Wind and bad visibility artist left (7)
3 You may be sure to be courageous always (5, 4)
5 Nymph has cipher to study (5)
6 Part of camera comes closer (7)
7 Golf match held during March? (6, 3)
8 Cock up when put up (9)
10 Early detective story appearing in the Gem (9)
15 Wood for which northerners long (5, 4)
17 Fashion expert has beastly pen to catalogue (7)
19 The Bounty was a very big ship (7)
21 Long-for credit to be given in welcome (5)
22 Non-experts place it inside (5)

Solution to Puzzle No. 3,423



RADIO 1 247m

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

APPOINTMENTS

Executive changes at Shell U.K.

Mr. J. M. Raisman has been elected to the Board of SHELL U.K. and appointed a managing director of the company with responsibility for Shell U.K. Oil. He succeeds Mr. L. C. V. Walker, who has relinquished that position but continues as a director of Shell U.K. in charge of trade relations. Mr. Raisman joined Shell Petroleum in 1953 and for the past two years has been head of manufacturing supply and trading division in the European organisation of Shell International Petroleum Maatschappij in The Hague.

Professor John Stopford, professor of international business at the London Graduate School of Business, has resigned from the Board of Shell U.K. to take up an appointment with the UN in New York.

★

Mr. Ian MacGregor has joined the Boards of ATLANTIC ASSETS TRUST and its subsidiary, Independent Investment. Mr. Alex Hammond-Chambers, a director of Ivory and Sime, managers of Atlantic, has resigned to create a vacancy. Mr. MacGregor is to retire as chairman of Amax Inc. but will remain on the Board of that company. On October 1, he will become chairman of Lehman Brothers International.

★

Mr. Edward Sommers has been elected chairman of BENZOLE PRODUCERS and of BENZENE MARKETING COMPANY in place of Sir Henry Jones, who has resigned both Boards. Dr. P. H. Pinchbeck has become a director of the two companies. Sir Derek Ezra has joined the Board of Benzene Marketing and Mr. Harold Hayman has been made managing director of that concern. Mr. J. C. Cunningham has resigned from the Board of Benzole Producers.

★

Mr. G. W. Rose has been appointed chairman of CHANGE WARES in place of Mr. R. A. Crane, who becomes deputy chairman and managing director.

★

Mr. Gunnar Dahlsten has been appointed to the Board of WILKINSON MATCH. He is managing director of the Swedish Match Company.

★

Mr. G. A. Watts has retired as joint managing director of the LITTLEWOODS ORGANISATION. Mr. P. D. Carter is now sole managing director.

★

Mr. E. Russell Cutler, managing director of Clarklift Midlands, has been appointed a director of the parent company, CLARION MECHANICAL HOLDINGS.

★

Mr. John Beer is joining ERNEST BENN as deputy managing director on August 1. He will continue as an executive director of Heinemann and Zsolnay.

★

Mr. I. G. C. White has been appointed a director of TOWRY LAW INVESTMENT AND ADVISORY SERVICES.

★

Mr. Eric Heath has retired as general manager and director of LYNE AND SON (PRINTERS), a company in the Leyland Special Products group.

★

Mr. J. E. Beardow and Mr. G. W. H. Lewis have been appointed to the main Board of WICKHAM.

★

Mr. L. R. Stacey has been appointed a director of ALEXANDER HOWDEN INSURANCE WICKMAN.

★

Mr. D. B. Gemmell has joined SMITHS INDUSTRIES as divisional director and general manager of Flight Displays and Control Systems, Cheltenham.

★

Mr. E. C. Judd, deputy chairman and joint managing director of UAC INTERNATIONAL, has retired.

★

AUSTRALIA AND NEW ZEALAND BANKING GROUP states that Mr. N. V. Pinks, chief manager in London, will retire in October. The following senior appointments in London will become effective on October 1: Mr. W. J. Bailey, chief manager (international); Mr. J. D. Sandars, chief manager (banking and services); Mr. J. R. Lovesey, chief manager (corporate banking); and Mr. R. H. Milnthorpe, manager (technical services). Mr. C. H. Bennett, a deputy chief manager, retires on July 18. Mr. R. W. J. Horne, a deputy chief manager, returns to Australia in August to become assistant state manager, New South Wales.

★

Sir Roger Falk is to retire as a director of P. E. INTERNATIONAL after 25 years with the group. He was chairman from 1973 to 1976.

★

Mr. T. G. Gilkes has been appointed a deputy general manager of MIDLAND AND INTERNATIONAL BANKS.

★

Mr. N. Tate has been appointed group treasurer of SPILLERS.

★

Lord Macdonald of Gwaenysgor has been appointed chairman and chief executive of SATRA CONSULTANTS (U.K.).

★

Mr. N. A. D. Sharvell has joined HUMPHREYS & GLASGOW as an associate director. Mr. Sharvell was chairman and managing director of Fletcher & Stewart and chairman of the general engineering division of Booker McConnell.

★

Mr. S. M. Freedman has been appointed managing director of McCORMICK FOODS, the U.K. subsidiary of McCormick & Co. Inc.

★

Mr. J. Hermsen has been elected a director of J. H. MINET AND CO., professional indemnity division.

★

Mr. Robert E. Laport has joined LIBRA BANK as general manager, project finance. Mr. Laport was previously senior vice-president of Chemical Bank, where he was in charge of the Latin American division.

★

Mr. Peter Barry and Mr. Peter Duxbury have been appointed main Board directors of SELINCOURT. Mr. Barry is ma[naging] director of the subsidiar[y] Walker. Mr. Duxbury is [manag]ing director of Walker an[d] also within the Selincourt [group].

★

Mr. J. R. Trotman ha[s been] appointed to the Boa[rd of] TUFNOL. Mr. Trotman [joined] the company in 1976 as ma[naging] director designate and wa[s made] general manager in Febru[ary this] year.

★

Mr. P. T. Fletcher ha[s been] appointed chief manager, [...] branch, CREDIT SUISSE, o[f which] he was formerly manager.

★

Mr. V. Cobb has resig[ned as] director of MAPLE AN[D ...] (HOLDINGS) to take op[...] duties.

★

Mr. F. E. Hughes-Onsk[...] be leaving the M & G GR[OUP on] September 30 to devote [...] to his interests at Lloyd's [...] that date his duties as ma[naging] director of M & G As[...] Group will be taken over [by Mr.] C. A. K. Fenn-Smith.

★

Mr. O. W. Lacey, manage[r of the] Lombard Street branch [of] CANADIAN IMPERIAL BA[NK OF] COMMERCE, has been ap[pointed] assistant general manager.

★

Mr. W. M. Graham ha[s been] elected chairman of the INDIA COMMITTEE in su[ccession] to Mr. J. F. P. Tate, who[se term] of office has expired. M[r. ...] Burman has become deput[y chair]man.

★

Mr. Dennis Stevenson h[as been] appointed to the Board [of the] NATIONAL BUILDING A[GENCY]. Mr. John Bedford has [retired] from the Board because [of ill] health.

★

Mr. A. P. O'Brien, Mr. [...] Thomas and Mr. W. M. T[...] have joined the Board of S[...] MOORE FOODS.

★

Mr. J. J. Kroger ha[s been] appointed executive vi[ce-presi]dent, worldwide marketi[ng] services for SPERRY UNI[VAC in] place of Mr. H. A. Steinbe[rg, who] is to retire to pursue p[ersonal] interests. Pending his reti[rement] on July 31, Mr. Steinbe[rg has] been made vice-presiden[t and] special assistant to the pr[esident].

★

Mr. S. M. Webster ha[s been] made general manager [of the] London branch of the [CHASE] MANHATTEN BANK, N.A.

★

Mr. E. C. F. Coulson ha[s been] appointed to the Board [of] CLARKSON AND CO.

★

Mr. J. F. G. Emms, chi[ef gen]eral manager, Commercial Assurance, has been ap[pointed] to the Board of MON[...] BOSTON INVESTMENT TR[UST].

★

Mr. William Hands h[as been] appointed senior partner [of] Geoffrey Oakley a part[ner of] MARGETTS AND A[...] BROOKE, stockbrokers. [Mr.] Hands succeeds Mr. Harol[d Oak]ley, who relinquishes the partnership but remains [a part]ner.

Prophet and Dutchman

by MAX LOPPERT

Meyerbeer Le Prophète. McCracken, Horne, Scotto, Hines, Dupouy, Bastin, etc./Ambrosian Opera Chorus, RPO/Lewis. CBS 79400 (4 records) £11.99

Wagner Der fliegende Holländer. Bailey, Martin, Talvela, Kollo, Krenn / Chicago Symphony Orchestra and Chorus/Solti. Decca D24D3 (3 records) £11.25; K24K32 (cassettes) £11.25

The second Meyerbeer *grand opéra* to be recorded is *Le Prophète*; like the first, *Les Huguenots*, it leaves a decidedly mixed impression. Following live experience of the opera, in its recent Metropolitan Opera production, Andrew Porter declared in these columns earlier this year that there was life in Meyerbeer still. On disc it seems an only spasmodic, flickering sort of life — proof of the point, so often made, that the Meyerbeer rehabilitation will be achieved, if at all, in the opera house for which his works were so carefully and minutely calculated, and where that calculation has at least the chance of amounting to more than soulless contrivance.

For soulless contrivance, and a sensation of central emptiness, are what strike the listener on first encounter with the set, and what stay with him through repeated hearings. Condemning Meyerbeerian contrivance is in itself a now singularly redundant exercise—the vastly overrated stature accorded him during his lifetime has been too thoroughly redressed since then to permit easy indulgence in familiar gibes. We search for his strong points, and endeavour to minimise his weak.

The performance under Henry Lewis, for all its faults, does confirm his exceptional versatility, ingenuity and resourcefulness as an opera-house craftsman. We hear, and note always with interest, the carefully achieved combinations of vocal and instrumental timbre, "methodised" in Chorley's phrase "with Chinese exactness." The sleepy clarinet, twittering piccolo, and drone bass of the opening pastoral chorus is a good example; the exultant Handelian flare of horns and strings introducing the singers, Zacharias' couplets, another; later the onstage brass band, and later the layering of organ, boys' voices, female choristers, then full choir, orchestra and diverse soloists in the coronation scene perhaps the best of all. These effects, and the side-slipping modulations, do duty for substantial organic invention. (After the first performance of 1849, Scudo wrote that "it is a dangerous descent, that which leads to research into strange sonorities and multiple modulations"; for, he continues, jolting us with what must unavoidably seem the freakishness of contemporary critical opinion, "... when one possesses neither the science nor the depth of M. Meyerbeer, the system of instrumentation which he authorises by his example produces the music of M. Verdi, and even worse.")

We recognise the skill with which the large forces are deployed in large ensembles massively piled and structured, with which the balance of the five acts is achieved. The truth in the oft-repeated remark that "Meyerbeer's faults remained in his own works; his virtues were transferred to his successors" strikes us forcefully during the coronation scene, repeatedly calling to mind the superior E flat major spectacle and grandeur of *Aida* with the same materials. There is as little depth of psychological motivation in any of Scribe's characters as there is in the music that fleshes them out (even the mother Fidès, most remarkable innovation of the work, assumes for each of her appearances a new musical and dramatic stance, with neither deepening nor development to link them). Even so, we must admire the swiftness with which the whole pseudo-medieval farrago is marshalled and set under way. Meyerbeer and Scribe would have had no need of Tippett's advice (reported in the Guardian on Tuesday) that the story of an opera should require no more space for its telling than the back of a postcard!

But that the opera is finally "about something"—that all the singers, dancers, instrumentalists, set-painters, lighting technicians, costume designers and so on were ever assembled for any purpose other than costly and flattering display of each element in turn—there is from these records little clue. Here it must be said that the case for the most important of those elements, the singers, is insufficiently strongly put. Powerful, attractive, alluring singing was something Meyerbeer demanded for all his operas—references to the search for singers capable of fulfilling his demands form a *leitmotiv* throughout his diary and letters. The CBS cast, its four principals those of the Met production, is for the most part solid and powerful—but, with one major and one minor exception, often lacking in vocal allure.

Book Reviews are on Page 37

The major exception is the Fidès of Marilyn Horne: on every appearance, she provides the most convincing reason for the revival, and an important one for acquisition of the set. Perhaps she recorded the role just a few years too late: the top of her two-and-a-half octave compass is no longer quite so fearlessly brilliant, the bloom throughout its length no longer quite so sumptuous, as in those *Prophète* excerpts from a decade ago. But the performance is still a tour de force: delicate and tender in duet with Berthe; mighty in later grandiosity; as noble, and then as astonishingly fleet, as the aria and cabaletta of Act 5 will allow. It is not her fault that the ear soon wearies of being rocketed to the heights and plummeted to the depths by her vocal line. One quality Miss Horne might be said to lack: a personal magnetism in the tone, an ability to imbue each note with vibrant emotional colour, that the first Fidès, Pauline Viardot, must have possessed above all singers. (How vividly descriptions of that greatest of singers still flash out of contemporary accounts of the opera!) In all else, Miss Horne is sovereign.

As John of Leyden, a part in which personal magnetism is crucial if its incoherent vacuousness is to be counteracted, James McCracken is vigorous, never insensitive, vocally very uneven. His intentions, always dramatically imaginative, are partially undermined by tone now mostly dry and unresonant, lacking firm core except when trumpeting out top notes *tutta forza*. In attempting to follow each *pp* marking above the stave, a laudable aim, he must resort to sudden snatches of falsetto that may have got by in the theatre, but sound rather risible through the speakers—rather as though our stentorian tenor hero were being temporarily replaced by Michael Aspinall. As Berthe, there are two Renata Scottos: the lovable, wonderfully musical soprano of the many gentle phrases and touches, suddenly elbowed out of the way at climaxes by a finch-making screech-owl. The roughness of the Zacharias, Jerome Hines, is emphasised by the suave elegance of the tenor of the Anabaptist trio, Jean Dupouy—a joy, as always in amidst a mass of maladroit French pronunciation, to hear the language naturally uttered and sung. Vagaries of recording balance, irritating throughout the set, alter the perspective of his voice alarmingly in the comic trio of Act 3.

The Royal Philharmonic scintillate in the *Patineurs* ballet; the same jaunty style seems less well adapted to the big *tableaux*, which the conductor inclines to hustle, although his energy and commitment are always welcome. This may seem a somewhat grudging welcome for an enterprise that has afforded us an important and valuable historical document, one reproduced very largely in full (the only significant cuts are in John's Act 2 *pastorale*, the mother-son prison duet, and the final scene). Gautier's conclusion on *Les Huguenots* remains appropriate to the later opera: "Even though the traces of powerful genius do not flash out in this work, it remains a monument meriting our attention and interest."

Wagner

Leonard Burt

The opera whose first performance in 1843 Wagner owed to Meyerbeer's good offices roars through the speakers with an exhilarating vitality all the more extraordinary for being experienced alongside *Le Prophète*. Coherence of thought, single-mindedness of purpose, are the most impressive features of the new Solti performance. The Chicago orchestra is in magnificent form, responding to the conductor's fiery energy with playing of fiery athleticism and intensity — each bite and buzz of string *tremolando* in the Overture make their mark, not just immediately, but with long-range effect on the work as a whole.

It is to the orchestra one turns for maximum enjoyment; for the cast disappoints—only the formidable Daland of Martti Talvela deserves unspotted approval. Norman Bailey, to whose voice the Decca microphones, here and in *Die Meistersinger*, have so far signally failed to do justice, is dry, a strangely impassive Dutchman at just those points where in the theatre he has risen to greatness. In the course of a single phrase, the Senta of Janis Martin will move from youthful freshness to clouded insecurity and back again. René Kollo's Erik yowls.

There is also a surprising want of atmospheric definition in the recording—human and ghost choruses are presented side by side, as it were, without any of the differentiation of ambience needed (and which is obtainable by tonal means, without resort to "trick" recording techniques). If this is caused by a (welcome) reaction against the literal-minded effects-making of earlier Solti Wagner sets, the reversal has proceeded too far. All the same, for Solti's driving projection of orchestral wind and wave, and for the thrilling sound, uninhibited yet always well-disciplined, of the Chicago Symphony Chorus in full cry, this *Flying Dutchman* is hard to beat.

Festival Hall

Solti

by MAX LOPPERT

After recent evenings in the Festival Hall of performances sometimes incompletely carried through and played with the usual faceless competence of London orchestras (Karl Böhm's concert with the London Symphony being a notable exception), the sound of the London Philharmonic Orchestra under Sir Georg Solti last night was a blood transfusion, a massage and a champagne cocktail all at once—whatever later disagreements may have been aroused by certain aspects of the interpretations, nothing could rob the occasion of its glow. The concert, with its programme of two symphonies, Brahms's Fourth and Elgar's Second, was the orchestra's Silver Jubilee tribute; unlike some others recently organised for the same purpose, there was an air of real festivity in the music-making. Even when the character of the music was stern or sombre, the Solti characteristics—infectious energy, rhythms at once powerful and lithe, sonorities filled with bright colours well-assorted—created their own kind of celebration.

In the Brahms, the playing was at first edgy and slipshod, as though the orchestra had stepped off the Glyndebourne train on to the stage (some of the players may have, but the feeling was unhelpful). With the second movement came sudden unanimity, and with it the reminder of what makes Solti's Brahms so very satisfying, in its forceful, not at all autumnally serene manner. The string pizzicatos supporting clarinets and bassoons were not just delicate tracery, but tipped with urgency, projected forward, driving the music out of safe keys into those distant and potentially tragic.

There was nothing "abstract" about the impetus of the movement: it was palpably dramatic. Yet, unlike in some of the other 19th-century symphonies by the composers on whom this conductor concentrates, dramatisation is drawn out of the musical fabric, not imposed thereupon. The knockabout bounce of the third movement, its *giocoso* elements relished, came near to but never beyond the point of over-emphasis; the Passacaglia had a cumulative intensity not the less strong for being tangible in the first bars.

Solti's Elgar, after the interval, was hugely acclaimed. Being an only equivocal admirer of the E flat symphony, and finding that so much of it sounds strangely empty and windy when wrung and pounded so dramatically, I could share only in admiration of the playing—on this form, the London Philharmonic is very near to being a first-rate orchestra. (But why is it always foreign visitors who draw the ear to regions of cello and double-bass activity taken for granted rather than actually *heard* in this performance?). When the work is handled with an affectionate care compounded of warmly romantic phrasing (Solti took little heed of the invitations to string portamento, so much part of the Elgar speaking voice) and a quietly spacious scheme of linked tempos (Solti's tempo adjustments were like the superb working of the latest set of power brakes), the music speaks for itself, and with truer clarity of voice.

St. George's Tufnell Park

Hamlet

by ANTONY THORNCROFT

Lynn Dearth and Alan Dobie

Leonard Burt

London is awash with Hamlets at the moment to cater for the CE trade, and there is nothing in the latest contribution at St. Georges, that converted church, to puzzle even the most dozy sixth-former. This is as straight *Hamlet* as you are likely to see—the plain unvarnished text, presented with minimal imagination and no frills.

Yet although the production is pedestrian, some of the acting is anything but. Alan Dobie dances through the part of the Prince like a puppy with a new ball, and also manages to chew so many of his words. This time it is not the fault of the now much improved acoustics that prevents an easy hearing.

Dobie looks the part but performs like the Maestro in some Victorian travelling company, dazzling gullible audiences with his mastery of the script rather than showing any great grasp of its meaning. This is such a fast-moving, workmanlike Hamlet that nothing seems to move him, the emotional encounters, like the duologues with Ophelia and Gertrude, producing no more sensitivity than the badinage with Rosencrantz and Guildenstern. But perhaps students, primed with so many different theories of Hamlet's behaviour, might welcome an interpretation which is "full of sound and fury, signifying nothing."

The other actors go very much their own way. George Murcell makes Claudius a drunk and also looks better than he acts; Elvi Hale as Gertrude has few expressions but uses them powerfully, while being much too young to have mothered Hamlet; Lynn Dearth is effective as the mad Ophelia in a production notably weak on sentiment.

Indeed the most effective moment is the fight scene between Hamlet and a lusty Laertes of David Horovitch. This is convincingly done. With the soliloquies thrown away the action becomes the play.

In a week which has brought a *Much Ado* set in Victorian India and a *Julius Caesar* updated to the 16th century there is something to be said for a solid, traditional *Hamlet* played before a simple set of balconies and arches by actors who at least are immediately recognisable. No one will remember this *Hamlet* for more than a few days and yet it brings Shakespeare's most immediately effective play to life within its own modest ambitions.

Aldwych

Romeo and Juliet

It seems usual for RSC Stratford productions to improve in transit to the Aldwych. This show is no exception. In fact, Trevor Nunn and his marvellous company have effected a quite astonishing transformation since last summer's opening night. Gone is the confusing hurly burly of the opening scenes, gone the uncontrolled hysteria of the senior Montagues and Capulets. This difficult play is gloriously restored to us as a tale of tragic domestic strife, a beautifully unravelled narrative told with breathtaking assurance and style.

Ian McKellen is still very much one of the young, swaggering Montague blades, but his performance has sharpened and deepened beyond recognition. At the ball he dances joyously alone on the upper level, subtly blending the reality of his awakening love for Juliet with a strikingly flirtatious disposition. He is quick, intelligent and impressionable, forever finding fresh resonance and passion in his verse.

And Michael Pennington's Mercutio is now a truly brilliant interpretation: a magnetic leader of the pack whose mocking braggadocio is an attractive cover for perceptive behavioural criticism. Mercutio's death is superbly staged; he leaps at Tybalt, kissing him full on the mouth before dying with a wound his companions believe to be another practical joke. Their horror and sorrow is all the more forceful in the end.

David Waller has tightened his reading of Friar Lawrence considerably and his realisation that Romeo's liaison with Juliet could have a curative effect on the family squabble emerges as crucial to the production. Mr. Nunn stages much of the action as a series of intensely experienced scenes between two or three people, while the larger set-pieces decorate the central tensions with a telling power.

Nowhere is this better achieved than in the arrival of the wedding party at Juliet's "death-bed," where the background jubilation is sensitively elided to a mourning exodus. The servant Peter's scene with the musicians is played uncut, providing a poignant opportunity for Richard Griffiths to round off a truly touching performance with a lyrical expression of private grief.

As Juliet, Francesca Annis matches Mr McKellen for freshness and intelligence, playing her imaginative misgivings before consuming the Friar's vial more memorably than I have ever experienced. She catches perfectly that balance between impetuous girlishness and maturity of reflection necessary for a great Juliet. Particularly good is her scheming determination in following the Friar's instructions while temporarily satisfying her father's sturdy command to marry Paris. John Woodvine's Capulet is another vastly improved performance, although at this point in the review I am prepared to concede that I may be doing all concerned a serious injustice in so thoroughly revising all previous opinions. Could it be that I am merely waking up to merits that were always there in the first place?

There is a fine Irish Nurse (Marie Kean), a strong Paris (Richard Durden), a splendid Benvolio (Roger Rees) and a plethora of excellently defined performances right the way down the cast list. I have never enjoyed *Romeo and Juliet* so much and I can only suggest that here is further evidence of the remarkable groundwork put in by this company over the past couple of years. They promise much for the future and I suspect that in two or three more years we shall look back and begin to appreciate the silent revolution on which Mr. Nunn and his colleagues are now engaged.

MICHAEL COVENEY

The Entertainment Guide is on Page 42

Town Hall, Cheltenham

Scottish National Orchestra

by ARTHUR JACOBS

The Cheltenham Festival is not, of old, a festival "of British contemporary music." Not, at any rate, by name. But this year finds several native works having their first performances—or, perhaps more important, repeat performances. Under the direction of John Manduell, and with Sir Lennox Berkeley as its new president, the Festival ranges from mediaeval music to jazz before ending next Sunday with Sir Charles Groves conducting the Liverpool Philharmonic Choir and Royal Liverpool Philharmonic Orchestra in Beethoven's Choral Symphony.

The Liverpool musicians are familiar at Cheltenham. New to the festival are the Scottish National Orchestra under Sir Alexander Gibson, who gave Elgar's Symphony No. 1 on Tuesday and followed with No. 2 last night. New, too, is Mark Lubotsky, a Russian violinist (he has now taken Dutch nationality) who performed Prokofiev's Violin Concerto No. 1. In both solo and orchestral execution it was a good but not outstanding performance. Not all the soloist's scales and trills were sufficiently even in tone, and I missed the sense of rapture that should come when the home key finally returns.

With Tuesday's new work, bearing a flute intone a traditional Gaelic air over a double drone on the violas, I almost thought myself back at Cheltenham in the early 1950s. Folk-music was fashionable symphonic material then. But this was the work of a youngish Scottish composer, Wilma Paterson (born 1944) entitled *Et in Arcadia ego*. A programme-note revealed that she cherishes a threatened Gaelic culture—and, delightfully, that she is writing a Hebridean cookery book. But it is a bit late to find a recipe for becoming a Scottish Borodin, and the sectional construction and rather clumsy melodic contours of this piece do not convince at all.

And so to Elgar. Here again, memory returned to early Cheltenham Festivals, and to Elgar as Sir John Barbirolli conducted him. Gibson did not quite get the first movement off the ground as older conductors could, mainly because the voluble second subject was taken too slowly for effective contrast with the opening. But the other three movements were splendid—rich in tone, admirably calculated in flow, a credit to both conductor and orchestra. The ovation that followed was deserved.

'The Red Devil Battery Sign' for the Phoenix

Following its season at the Round House, *The Red Devil Battery Sign*, the play by Tennessee Williams, will open at the Phoenix Theatre to-night, Thursday. It stars Keith Baxter and Estelle Kohler with Maria Britneva, Pierce Brosnan and Nitza Saul.

Elizabeth Hall

King's College Choir

As part of the John Player Festival, King's College Choir has come from Cambridge to London for two plain, straightforward, totally ungimmicky concerts. To-night they sing Handel in Westminster Cathedral, including the coronation anthems that have been given a good airing in Jubilee Year. Last night they sang Purcell in the Elizabeth Hall—Purcell, who has by no means been played or sung to death this summer. And between them, the ever-admirable, largely neglected English master and the choir from Cambridge filled the hall.

It was the kind of music-making that shows the place at its best. Critics who go there often and suffer from pianists over-pedalling, chamber music getting lost in too large a space, or sometimes too many performers wedged on to the small platform, must rejoice to hear such bright, clear sounds as Philip Ledger drew from his choir, soloists and the Orchestra of St. John's Smith Square. Of course, style of performance has much to do with it. Not every chamber orchestra produces the perfectly balanced, rhythmically poised playing that opened "Rejoice in the Lord," the first of two verse anthems.

There was more playing of the same quality in the G minor Chaconne and in the instrumental movement of the Birthday Ode "Come, ye sons of Art." But back to the anthems. The second was "My beloved spake," less memorably tuneful, less direct in word setting than "Rejoice in the Lord," but studded with those Purcellian twists and harmonic surprises that always produce a slight thrill but seem right and just.

Justness and rightness are also high among the musical virtues of the choir. Elizabeth Lane sang with that slightly reedy quality that Purcell's writing gives singers sensitive to his style, "Bid the virtue" in the Ode. I wish I had caught the names (omitted from the programme but announced by the conductor) of the four choral scholars who took the male solos, especially the excellent countertenors for "Sound the trumpet." The King's organ scholar added a Voluntary on "The Old Hundred" attributed variously to Purcell or John Blow.

RONALD CRICHTON

EUROPEAN NEWS

Russia bitter at Carter's Cruise decision

BY DAVID SATTER MOSCOW, July 6.

THE SOVIET Union is reacting vehemently to the decision by U.S. President Jimmy Carter to begin production of the Cruise missile. A series of articles in major Soviet publications are denouncing the decision as "senseless and dangerous" and certain to make it more difficult to reach a new strategic arms limitation agreement.

The Soviet foreign affairs weekly New Times said that the production of the Cruise will create a new fourth category of strategic arms after intercontinental ballistic missiles, submarine-launched ballistic missiles and heavy bombers. It will hopelessly complicate the SALT-2 negotiations particularly if the U.S. persists in keeping the Cruise missile outside the framework of any new SALT agreement, the weekly said.

The Soviet Government newspaper Izvestia said that not only was the second stage SALT agreement 95 per cent. complete when former President Ford left office but that discussions in 1975-76 had agreed on strict limits on the Cruise missile and there were even discussions on tha form these limitations might take.

Izvestia said there was an agreed Soviet-U.S. formula whereby heavy bombers equipped with Cruise missiles with a range of more than 600 kilometres would be regarded as rockets with multiple warheads and included under the ceiling of 1,320 missiles with multiple warheads agreed in the 1974 Vladivostok accord. Izvestia also said that the Soviet Union considered that all Cruise missiles launched from the sea or from bases on land having a range of more than 600 kilometres would be prohibited.

The article in New Times, which was released ahead of publication, and the commentary in Izvestia have been preceded by almost daily authoritative Soviet Press criticism of President Carter's decision to begin production of the Cruise missile.

Reuter adds from Washington: U.S. arms negotiator Paul Warnke said to-day that President Carter's decision to deploy the Cruise missile was unlikely to provoke heavier Soviet spending on air defences.

OECD's safety net now in operation

By Robert Mauthner PARIS, July 6.

THE $23bn. OECD Financial Support Fund, or "safety net" as it is commonly known, has legally come into effect in spite of the U.S. refusal to ratify it.

With the ratification during the last two days by Italy and Holland of the 1975 agreement setting up the fund, which is designed to provide last-resort financial aid to member countries in serious economic difficulties, an essential condition for its partial entry into force has been fulfilled.

Though the agreement states that the fund becomes operative when 90 per cent. of the total quotas have been ratified by the member countries, it specifies that, when at least 15 countries with quotas representing 60 per cent. or more of the total have completed ratification, "they may decide to bring the agreement into force between themselves." The Italian and Dutch ratifications have brought the number of countries to 18 and the total quotas ratified to 60.7 per cent.

The OECD safety net which, at one time, was practically abandoned, has come back into favour recently as a result of the disappointing response which Dr. Johannes Witteveen, the managing director of the IMF, has had to his proposal for a new IMF facility. Commitments to this facility are expected to fall well short of the original target of SDRs 14bn. because the OPEC countries are not prepared to contribute as much as was at first hoped.

In spite of the fact that the "safety net" was the brainchild of Dr. Henry Kissinger, the former U.S. Secretary of State, the Carter administration has poured cold water on the scheme. The official reason for this opposition is that the U.S. prefers the IMF facility because it would benefit both the industrialised and developing countries, while the OECD fund could be used only to help the industrialised countries.

● The rate of inflation in the main Western industrialised countries dropped sharply in May, according to the latest monthly statistics published by the OECD Secretariat.

Consumer prices in the 24 member states rose by an average of 0.7 per cent., compared with 1.1 per cent. in April, bringing the year-on-year inflation rate for the area to 9 per cent.

The following were the percentage price rises in the most important member countries (May figure followed by annual increase): Canada: 0.8 and 7.8, U.S.: 0.6 and 6.7, Japan: 0.9 and 9.3, France: 0.9 and 9.8, West Germany: 0.4 and 3.8, U.K.: 0.8 and 17.1, Italy: 1.2 and 18.4, Belgium: 0.1 and 7.3, Netherlands: 0.5 and 6.0, Switzerland: minus 0.1 and 1.3, Sweden: 1.2 and 10.4, and Denmark: 1.5 and 9.9.

No move on U.S. relations

BY OUR OWN CORRESPONDENT MOSCOW, July 6.

THE REFUSAL by the Soviet leader Mr. Leonid Brezhnev to meet U.S. President Jimmy Carter reflects Soviet anger over the latter's disarmament stance and human rights campaign as well as a reluctance to take steps towards improving the atmosphere without either progress in the SALT negotiations or major conciliatory gesture from the U.S. side.

Observers here point out that Soviet-U.S. summit meetings have come to be thought by the Russians as primarily occasions for formalising understandings already reached at a lower level, and President Carter's decision to begin production of the Cruise missile and his human rights campaign have done little to prompt them to change their view.

When Mr. Brezhnev received the U.S. ambassador, Mr. Malcolm Toon, to give him the letter of refusal yesterday he said that there are aspects of U.S. policy which "do not accord with the aim of the constructive development of relations." He said the Soviet Union wants to improve relations with the U.S. but on the basis of "equality, mutual benefit and non-interference in each other's internal affairs."

The idea of a summit meeting as the setting for signing major agreements or understandings were shared by the Russians and by former President Richard Nixon and ex-Secretary of State Henry Kissinger, but President Carter wants to use a personal meeting with Mr. Brezhnev to get acquainted with him and help clear the atmosphere.

Kadar sticks to Helsinki position

BY JONATHAN CARR BONN, July 6.

WEST GERMANY and Hungary to-day pledged that they would work for "speedier implementation" of all the decisions of the Helsinki conference on security and cooperation in Europe.

But a joint declaration issued at the end of a visit to Bonn by Mr. Janos Kadar, the Hungarian Communist Party leader, gave no clue that differences over procedure and agenda for the follow-up conference in Belgrade have been narrowed.

In Belgrade the EEC and the U.S. have been pressing for a detailed agenda which would ensure discussion of all aspects of the Helsinki agreement — including humanitarian issues — in committee as well as plenary session. The Soviet Union and its allies (except Romania) have been pressing for a one-point agenda and generalised debate in a wide forum.

Foreign Office sources say that in the Bonn talks both sides stuck to their known positions—although bilateral contacts on conference problems will continue. It is pointed out that neither Hungary nor West Germany has any interest in seeing a debacle in Belgrade which would set back their steadily improving bilateral relations.

EEC DECISION-MAKING

Call for reform before enlargement

BY DAVID BUCHAN LUXEMBOURG, July 6.

A STRONG warning that the EEC must streamline the way it reaches decisions before admitting new members was given to the European Parliament here to-day by both the new Belgian President of the Council and the EEC Commission President.

M. Henri Simonet, the Belgian Foreign Minister, said "agreement must be reached on a decision-making machinery which does not make enlargement synonymous with paralysis." He made clear the reform he had in mind was greater use of qualified majority voting by Governments in the Council. Mr. Roy Jenkins, the Commission President, to-day gave a balance sheet to European Parliament of his first six months in office and warned that "the move to ten or more members will further strain the system which is already creaking."

M. Simonet, spelling out the fears, particularly of the smaller EEC states, that enlargement will overstretch the already loose ellastic of Community institutions, said that Belgium intended to take "off the shelf" the 1975 report on European union by his Prime Minister, Mr. Leo Tindemans, which was largely ignored by the other Heads of Government. Its principal recommendations, on which Belgium still wants to see progress, are changes in the way EEC decisions are reached and much greater economic and monetary co-operation.

Specifically, the Belgian Presidency, which runs till the end of the year, wants to see the setting of "compatible" monetary and budgetary targets, a controlled increase in the medium term credit that the EEC grants member states and convergence between those countries in the currency "snake" and the four — the U.K., Italy, France and Ireland — outside it.

As part of this package, which is not unlike that earlier drawn up by the Dutch Finance Minister, M. Simonet to-day proposed that Brussels' Economic Affairs Commissioner sit in on monetary deliberations of the snake countries.

M. Simonet also said that the Belgian Presidency would put its weight behind Mr. Jenkins' proposals for new Community loans for investment in hard pressed areas of the EEC economy. After the frosty reaction to this plan from both the French and German at last week's London summit, Mr. Jenkins was at pains to-day to defend it.

He said it could not be claimed that the proposals were "over-ambitious. "We are only asking for a 1bn. Unit of Account (£650m.) authorisation for this new instrument, compared with current rate of borrowing by all Community institutions of 2.5bn. to 3bn. UA."

Both the Belgian President and Mr. Jenkins hoped that the Council later this month could "cut the knot" on the siting of the JET nuclear research project. But M. Simonet, who warned the Parliament about "the resurgence of nationalist tendencies which still have their poisonous charms," later told the Press that if the passions aroused by this project at the London summit had not cooled sufficiently, a further bid for a decision would be postponed for six months.

On wider energy policy, M. Simonet, who was until last December the EEC Commissioner for Energy, urged the Community to develop quickly a joint approach to President Carter's nuclear policy "which could hold up the installation of our own nuclear capacity."

The Belgian Presidency seems certain to concentrate more than did the U.K. Presidency of the Council on the internal workings of the Community. On the external front, the Belgian Foreign Minister singled out for action the necessity of getting fishing agreements with third countries, progress in the GATT trade talks in Geneva and a joint position in the Helsinki agreement review conference in Belgrade this autumn.

On the latter, he warned against putting any one country (the Soviet Union) in the dock on the question of human rights. M. Simonet, who as Council President will present the EEC position in Belgrade, said this might endanger detente and even the SALT talks. The EEC, though, should present a clear-cut position making it plain to the Soviet Union that the West would still watch its behaviour, even after the review conference closed.

Bonn report takes softer line on cartels

By A. H. Hermann, Legal Correspondent

EMPHASISING that the statuto[ry] prohibition of cartels does n[ot] amount to a prohibition of c[o-]operation between enterprise[s] the West German Federal Car[tel] Office strikes a distinctly soft[er] line in the report about its acti[vi]ties in 1976, published yesterd[ay].

In addition to the exempti[ons] provided in the Competition [Act] for certain types of restrict[ive] agreements and for co-operat[ion] between small and medium-s[ized] enterprises, the Cartel Office [will] in future also consider the po[ssi]bility of approving cart[els] between such enterprises wh[en] necessary for ensuring th[eir] ability to compete with lar[ger] companies.

This is the first yearly rep[ort] presented to the Bonn Gove[rn]ment by the new President [of] the Office, Herr Wolfg[ang] Kartte, and will be caref[ully] scrutinised for indications [of] party-political influences in shaping of anti trust enfo[rce]ment in Germany. But [the] softer line of the Cartel Of[fice] revealed in the present rep[ort] can be fully explained as a [con]sequence of the recession [and] the fact that after a long b[oom] Germany experiences the p[rob]lems of a buyers market.

The Cartel Office has [an]nounced that it will estab[lish] a special team to deal with problems of "buying power." [Its] task will be to devise means [of] protecting suppliers oppre[ssed] by the dictates of large de[part]ment stores and retail ch[ains]. It will also be concerned [with] the dominance of large in[dus]trial consumers over their [sup]pliers and sub-contractors [as] well as the economic p[ower] wielded by public bodies [in] placing contracts.

The number of notified [mer]gers barely increased in [1976] from 445 to 453. Since the i[ntro]duction of merger contro[l in] 1973 the Cartel Office has [pro]hibited only nine mergers. [But] it believes the existence of [con]trol powers acts as a restrai[nt]. Resigning itself to the [fact] that it was over-ruled by [the] or obliged by political pre[ssure] to abstain from prohibition [some] mergers were defended as o[f ne]ssary to prevent redundar[ncies] the Office says merger cont[rol] does not offer a suitable instrumen[t for] preventing undesirable m[ergers] mergers nor in danger of [being] made meaningless by [such] mergers.

The central problem of [the] Cartel Office at present [is the] assessment of the role of [cru]cial power in conglom[erate] mergers. It is under review[,] politically and judicially.

French trade criticism

By Adrian Dicks BONN, July 6.

DR. HANS FRIDERICHS, the West German Economics Minister, delivered sharp criticism yesterday of the French Government's so-called "organised liberalism" in trade matters, warning that the effects of such policies would in the long run be dangerous for the world economy.

The Minister's unusually blunt comments on the policies of a fellow-member of the European Community follow the signs from the summit meeting of the Nine in London last week, at which it was apparent that the traditional commitment to free trade was somewhat less enthusiastically restated than on some past occasions. Subsequently, West Germany has scarcely bothered to conceal its disappointment with the entire proceedings.

"External economic policy must yield in no way to the demands of protectionism," Dr. Friderichs said.

● Following the biannual re-evaluation of France's reserves, the gold holdings of the Bank of France have been calculated at Frs.73.141bn., Frs.9.266bn. above the total at the end of May, AP-DJ reports.

U.K. herring ban backed

BY ROBIN REEVES BRUSSELS, July 6.

THE EUROPEAN Commission to-day sent a letter to the British Government essentially putting its seal of approval on the U.K.'s unilateral ban on herring fishing in Britain's 200-mile sector of the North Sea.

But, perhaps in deference to the strong hostility aroused in Denmark, the Netherlands and West Germany by the ban, the Commission said its approval was subject to: (a) confirmation that by-catches of herring with other species, notably Norway pout, would continue to be permitted, and (b) an explicit undertaking that the ban would continue to be non-discriminatory. In other words, British, as well as other EEC fishermen, would be barred from fishing for herring.

The letter apparently also warns the Government that the Commission's endorsement should not be interpreted as setting a precedent for any further unilateral measures to conserve fish stocks the Government may be contemplating.

The British action is considered within the rules because it is being taken in conformity with The Hague agreement of last October among EEC Foreign Ministers on the ground rules for revising the Community's common fisheries policy. This left open the possibility of unilateral action to conserve stocks in the absence of any Community conservation agreement. The U.K. decided last week to extend a three-month EEC ban unilaterally from July 1, to the great anger of some of Britain's Common Market partners, after an abortive meeting of the Council of Ministers failed to agree on an extension of quotas.

By all accounts, the French, German and Dutch governments are now pressing the Brussels Commission to look at the possibility of putting forward national quotas for herring fishing over a longer period. The advice of scientists is that the ban in the North Sea should continue until at least the end of 1978, if herring stocks are to be reaenerated.

David Buchan adds from Luxembourg: Mr. Finn Olav Gundelach, the EEC Commissioner, gave a qualified blessing to the U.K.'s herring ban in a late-night debate on fishing at the European Parliament to-night. "However regrettable national measures are, the U.K. took upon itself to execute a Commission proposal in the Community spirit," he said.

He also warned that to have any effect on stocks a ban would have to continue through 1978

IRI calls for steel review

By Dominick J. Coyle ROME, July 6.

BY A coincidence of timing which suggests some collusion—although it is hotly and officially denied—Italy's giant industrial holding company IRI wants to review plans for an £800m. steel complex at Gioia Tauro in Calabria just when the EEC's Industry Commissioner, Viscount Etienne Davignon, has asked the Government here to drop the project.

Viscount Davignon said the Gioia Tauro project would create surplus production in a sector where there was severe over-capacity. An unpublished IRI review committee report is understood to have reached the same conclusion, although its recommendation is said to be less positively worded.

The possible loss of an estimated 7,500 new jobs in the depressed Calabrian region has sparked off a political storm here, with the unions in particular insisting that the project must go ahead.

The whole issue now moves into Parliament to-morrow

IRISH POLITICS

The old order changeth

BY GILES MERRITT, DUBLIN CORRESPONDENT

IRISH POLITICS are changing, but not at first glance. In the past fortnight Mr. Liam Cosgrave the outgoing Prime Minister has conferred appointments in a spree of political patronage taking in the Army, the Senate, the Judiciary, the top echelons of the civil service, government commissions and even local health boards — a forceful reminder that Ireland's two largest parties, Mr. Jack Lynch's Fianna Fail now back in Government and Mr. Cosgrave's Fine Gael, are not separated by ideologies and sometimes appear primarily to be rival contenders for the governmental gravy train.

On Tuesday evening, as Mr. Lynch took over in a series of festive Dail (Lower House) ceremonies, the public galleries were crammed with his party workers and supporters. In the narrow corridors of the Leinster House Parliament building the Fianna Fail crowd jostled with sweety good humour as they celebrated the fact that "Jack's back." Only cynics and supporters of the Fine Gael-Labour coalition that ousted Fianna Fail in 1973 would have been unkind enough to remember that towards the end of its 16-year uninterrupted rule, Mr. Lynch's party had a reputation as unscrupulous fixers, nicknamed The Mafia.

Corruption and financial fiddling are not a feature of Irish politics, but mutual back-scratching and jobs for the boys can be. With Fine Gael and Fianna Fail divided by the 60-year-old question of partition (respectively, for and against) rather than the Left-Right tug o'war, Irishmen do not have "politics" so much as "loyalties."

Patterns

Underneath the surface the old patterns are breaking up. The landslide June 16 general election that returned Mr. Lynch to office with an all-time record majority of 20 seats in the 148-seat Dail contains the clue. Economic issues, namely Ireland's position at the bottom of the EEC's unemployment and inflation leagues, dominated the three-week election campaign, and Fine Gael's claims that things were not as bad as they seemed compounded the resentment. National issues overtook the local pre-occupations that Ireland's constituency-oriented political machines are geared to.

Greater Dublin, which has grown so fast in recent years that it represents a third of the 3m. population, is particularly resistant to party politics and local parish-pump issues. It was largely responsible for an opinion poll finding that 43 per cent. did not believe it mattered who won the election. Another clear trend is the increasing fickleness of Irish voters. This year 14 per cent. of Fine Gael stalwarts went over to Fianna Fail and 10 per cent. of labour supporters. *Fianna Fail had its* problems too, for it lost 8 per cent. of its old reliables to Fine Gael and 7 per cent. to labour. In the 1973 and 1969 elections, these switches of allegiance were markedly fewer.

Intensify

If anything is certain to intensify the move towards Left-Right politics that reject the old loyalties it is Ireland's shifting demographic patterns. The 440,000 first-time voters under 24 years old in the June election represented almost one quarter of the electorate, and their above-average levels of unemployment doubtless contributed strongly to Mr. Cosgrave's defeat. By 1986 the total of people under 30 will have increased to 55 per cent., and already nearly half the country is aged less that 25. Not surprisingly, the available labour force is likely to drop over the next decade. At present only 37 per cent. of the population makes up the active workforce, as against 43 per cent. in Britain, and by 1986 that will be down to 36 per cent. Fewer people are going to have to support more and that entails redistribution of wealth.

Mr. Lynch is apparently well aware of these developments. Beneath his confident exterior, he must know that failure to tackle economic disadvantages could result in an equally savage electoral upset when he goes to the country in 1981-82. His appointment of Dr Martin O'Donoghue, a noted economist, as Minister for the streamlined Economic Development Department that is to be created, and his emphasis that economic recovery is his Government's "immediate concern" underline his priorities. But the task is daunting, for while business confidence is picking up well—and traditionally will get a further boost now that Fianna Fail is in power—the republic's structural problems are serious. In its campaigning, the Lynch front bench stressed that unemployment is around 17 per cent. and rising, and some experts have warned that by the early 1980s the population explosion could push that total to a politically dangerous 25 per cent.

The Lynch Government's short-term answer is massive public sector pump-priming, to be financed by borrowing. It is a calculated risk, for as Dr. Garret Fitzgerald, now Fine Gael leader following Mr. Cosgrave's retirement to the back benches, is already pointing out, Ireland's State borrowing requirement is twice that of the U.K.

The balance of payments is in chronic deficit and interest and repayments on foreign loans now absorb almost every penny raised in income-tax; unless the Government quickly succeeds, not merely in creating jobs but in creating jobs that create revenue, it will be in trouble

The most interesting political development will be whether one side of the Dail ends up representing the "haves" and the other the "have nots." Fianna Fail, as a conservative party with rural roots, may well aim to ensure that the unemployed and underprivileged become "have-a-littles" in order to insulate the "haves" from unrest. Fine Gael, too, is conservative but there is a reluctant push to the left.

To regain office, perhaps 10 years from now, it must maintain its entente with the Labour Party. Labour also has a new leader, Mr. Frank Cluskey, a left-winger. Dr. Fitzgerald's political tag is "liberal," which means that while he will try to keep Mr. Cluskey happy, he *will be sensitive to his party's* conservative mainstream.

Labour escaped the drubbing Fine Gael received, and an opposition party cannot afford to ignore the emergence of a youthful and possibly deprived voting bloc that rejects Ireland's comfortable, old-style politics.

Before Dr. Fitzgerald became Fine Gael leader, it seemed that Mr. Cosgrave's legendary stubborness might lead him to stay on, that talk of a Fitzgerald-led breakaway taking in elements of Labour. Even now there is speculation that Fine Gael may shortly change its name, and its image and eventually its appeal. The rallying call would probably be quiet revolution or reconstruction—except that the construction is Mr. Lynch's

Jack Lynch

Liam Cosgrave

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Carter tries to calm U.S. Jews over policy on Israel

BY DAVID BELL

WASHINGTON, July 6.

PRESIDENT CARTER tried to-day to reassure Jewish leaders in the U.S. that his Administration is not trying to put undue pressure on Israel. He left them in little doubt that he intends to stick to the main lines of the policy he has already announced.

The President said: "I think it is necessary to have an open, frank and sometimes disputed discussion of controversial issues." The leaders' visit to the White House follows a number of speeches by supporters of Israel which have suggested, in the words of Senator Jacob Javits of New York, that the Carter Administration is "seeking to press Israel against the wall."

Mr. Carter said that this was not the case, and pointed to the concessions already made by the Arabs. He noted that many of the concepts embodied in the overall peace plan put forward by the Administration "are very difficult for the Arabs to accept," and he pointed out that, a year ago, many of them would not have been prepared to accept the right of Israel to exist.

Mr. Carter said that he still believed that a Middle East peace may be possible, and is "not beyond the bounds of realisation in the next number of months." But he did not elaborate on this statement or put forward a more definite timetable.

The President said that the Administration's overall target remained the same and that there would be eventually a "real sense of peace" in the area, accompanied by commitments from both sides to establish diplomatic relations between Israel and its neighbours, exchange of diplomats, open communications, trade, travel and tourism.

The tone of Mr. Carter's remarks was friendly, and his decision to see the Jewish leaders was a tacit recognition of the growing pressure being applied to the Administration by Israel's friends before the visit here later this month of Mr. Menachem Begin, the new Israeli Prime Minister.

There is no doubt that the Administration still believes that its approach to the issue is the right one, and is still emboldened by the united view inside the Government which makes it highly unlikely that there will be any change in the Carter position.

Meanwhile, the administration insisted again to-day that it will not allow the export of 24 Israeli Kfir fighters to Ecuador. The sale of these aircraft, which have U.S. engines, was originally banned earlier this year, but the New York Times reported to-day that Mrs. Rosalynn Carter, the President's wife, had promised the Ecuadorean government during her recent visit that she would raise the matter again with her husband.

Other Middle East news, Page 6

Growing fears of steel strike

By Our Own Correspondent

NEW YORK, July 6.

FEARS OF strike action in the steel industry which could affect over 16,000 workers at 30 union local branches are building up in advance of a deadline of Friday next week. By that time union locals must request strike authorisation from the United Steel Workers union headquarters. The strikes are scheduled to begin on August 1.

Although the union has recently concluded an industry-wide three-year contract, under the terms of which no industry-wide strike can be called, strikes on local issues are allowed under the agreement.

Already some 30 local branches have voted to stop work on local issues and are planning to seek headquarters authorisation. Disruptions on this scale would represent a major challenge to the industry contract and there have already been suggestions from the employers' side that some of the allegedly local issues being raised are in fact covered by the national agreement.

IMF sells gold at $140.26

WASHINGTON, July 6.

THE INTERNATIONAL Monetary Fund (IMF) said this evening that it has sold almost all the gold on offer at its latest auction—the eleventh in the series—for a common price of $140.26, slightly below the closing price in London.

The Fund said that it auctioned 524,800 of the 525,000 ounces on offer and that successful bids ranged from the common price up to $145. Bids were received for a total of 1.25m. ounces, rather more than in the last auction, and the average successful bid worked out at $140.85.

Secret warning on neutron bomb

BY OUR OWN CORRESPONDENT

WASHINGTON, July 6.

THE U.S. Arms Control and Disarmament Agency is believed to have warned the White House that a decision to go ahead with full production of the neutron bomb—and its installation in missiles—might harm the current Strategic Arms Limitation Talks (SALT) and compromise the Administration's attempts to get new agreements on non-proliferation.

Reports to-day said the ACDA has sent a secret memorandum to the President urging him to consider very carefully the implications of the neutron bomb. This is a new weapon designed to kill the enemy by exposing him to massive doses of radiation while leaving surrounding buildings and equipment virtually intact.

In its memo ACDA says that further underground tests must be made on the neutron weapon before it is ready to be installed in the Lance missile and that this could compromise the Administration's current attempt to get a full comprehensive test ban treaty with the Soviet Union.

At the same time the agency says that to go ahead with the bomb might upset other countries which do not yet have nuclear weapons because the United States would be moving to create a second generation of nuclear weapons before reaching agreement on what to do with the first.

No final decision has yet been taken on the production of the neutron bomb. The Senate has frozen funds for its development and President Carter has ordered a full review of the implications of the weapon. The White House has also said that the Administration did not know that the neutron warhead was on the drawing board until very recently.

Reuter adds: President Carter will decide soon after the middle of August whether the U.S. should produce the neutron bomb, the White House announced to-day. White House Press Secretary Jody Powell said that a study of the new weapon would be concluded about August 15 and the President would make a decision soon after that date.

Tax plan favours wage-earners

BY STEWART FLEMING

NEW YORK, July 6.

OUTLINES of President Carter's evolving policies on reform of the U.S. taxation system suggest that the Administration plans to ensure that income earned from wages is not taxed at a higher rate than investment income, and that corporations should receive some tax relief to stimulate investment.

Administration officials have released preliminary information on the direction which tax reform policy is taking. The full details of the President's tax reform plans are expected to be published in the autumn.

The President apparently favours eliminating preferential treatment of capital gains, and has instructed staff drawing up the proposals to look carefully at tax loopholes.

He believes that sharp reductions in personal income tax rates could be achieved by eliminating important tax preferences.

To stimulate investment by companies the officials drawing up the proposals are actively considering eliminating the double taxation of corporate dividends as well as looking at the possibility of reducing corporate taxation.

The taxation of dividends, once as corporate income and then again as income in the hands of the shareholders receiving the dividend, has been a focus of business criticism of the current taxation structure.

However one of the problems that has already arisen in drawing up the tax proposals is that some government departments are uneasy about the loss of tax revenues associated with such corporate tax breaks.

The President has apparently instructed staff to draft a plan which aims to produce neither a gain nor a loss in tax revenue. There are suggestions, in particular from Mr. Michael Blumenthal the Treasury Secretary, that some net loss of revenue might be acceptable.

On this interpretation the President's guideline of a neutral revenue effect can be seen as a discipline for the drafters.

No progress on Belize

BY OUR OWN CORRESPONDENT WASHINGTON, July 6.

THE FIRST day of talks on the future of Belize ended here to-day with no sign of any progress in the attempt to defuse the situation, but both sides agreed to continue the talks to-morrow.

Mr. Ted Rowlands, the Minister of State at the Foreign Office, and Sen. Adolpho Molina Orantes, the Guatemalan Foreign Minister, arrived in Washington for talks yesterday in a final attempt to settle the dispute about the ownership of Belize, which has been claimed by Guatemala for the past hundred years.

To-day's talks were held in secret at the offices of the Organisation of American States and neither side had any official comment when they concluded. But officials suggested that the talks had made little progress—at least in the first day—and suggested that it was unlikely that the Guatemalans would soften their position.

However it is recognised by both sides that the situation along the Belize border with Guatemala is now more tense than it has been for a long time and that failure to reach a settlement here could precipitate an ugly clash.

Reuter adds: The Guatemalan Foreign Minister has accused Britain of a provocation in sending a warship to waters off Belize. He said that he told Mr. Ted Rowlands: "This is a provocation and only contributes to increasing tensions in the area. It is an anachronistic show of force. It is not a very timely measure when we are in the process of negotiations."

COAL MINING AND THE ENVIRONMENTALISTS

A burning issue for Mr. Carter

BY STEWART FLEMING, RECENTLY IN CASPER, WYOMING

ONLY A FEW hundred miles from here, General Custer fought his last great battle against the Sioux Indians. There is even a reservation called the Buffalo Bill Reservation, surely an unpropitious choice of names. But the modern world has caught up with the cowboy country of Montana and Wyoming and it is not ranching or range wars that people talk about to-day but coal.

As Mr. Glenn Goss, Pacific Power and Light Company's manager at the Dave Johnston Coal Mine, puts it: "There's coal for 1,000 years hereabouts, we want to go deep enough. Easy digging coal here in the Powder River basin will last 200 years alone." He says that there are 92bn. tons of coal in the Powder River basin in Wyoming alone and this is only one of the major western coal fields.

Here at the Dave Johnston pit easy digging means just that, for most of the coal in the western states of the U.S. such as at this pit near Casper is being strip mined.

Paradoxically, that is one of the problems. For strip mining on the virgin ranges of the west has attracted the wrath of environmentalists who have seen what uncontrolled strip-mining has done to vast acres of the coal states of the east in the Appalachian Mountains.

It is not words alone which the environmental lobby has been able to throw at strip-mining companies. Even before the Federal Government turned to the question of regulating strip-mining—and tougher strip-mining proposals designed specifically to protect the environment are being considered by Congress—the State of Wyoming was already demanding that the mines be filled in again and contoured and replanted.

If you visit a strip mine it is easy to see why all this is needed and why environmentalists have been able to rally support for stricter controls on strip mining merely by pointing to the approximately 3m. acres of strip mined land devastated before mining companies were required to do repairs.

At the Dave Johnston Mine, the coal seams are up to 40 feet thick. The coal is sub bituminous and therefore only of moderate energy quality but Mr. Goss estimates the cost of mining at around $3 a ton, well under half the equivalent cost of deep mined coal.

To get at the coal involves shifting up to 140 feet of surface soil and over-burden. The depth of 140 feet is simply the point at which, at current prices, it becomes economic for this pit (which feeds a power station 16 miles away connected by a private railway line) to dig the earth's more than ample resources.

It is easy to see why environmentalists can rally support for stricter controls on strip mining when you look at the 3m. acres devasted before mining companies were required to do repairs.

The mine itself is a jagged gash across the surface of the plains. It stretches 14 miles long, perhaps a couple of hundred feet wide and up to 140 feet deep. The main seam goes north for almost 100 miles at depths approaching 5,000 and 6,000 feet before coming close to the surface again at Gillett where there are other large strip mines.

Wyoming laws have required Pacific Power and Light to repair the damage they are doing getting the coal out. Mr. Goss, a friendly, shrewd 50-year-old who took over managing the pit after having spent much of his life with the company laying electric cables says reclamation is relatively easy in this region of Wyoming: "We have plenty of topsoil to support vegetation, we know what grasses will grow here — and we have enough rainfall. You need at least 10 inches of rain a year."

The industry's critics say the art of repairing strip mining damage is only in its infancy, and it is still virtually impossible to restore the water table to its original structure.

The new strip-mining regulations are just one reason why it is being suggested that President Carter's proposed shift to greater use of coal as part of his energy plan will not achieve its goals. The President has suggested that up to 300m. tons or more of additional production is needed, taking yearly output to around 1bn. tons by 1985.

To achieve this the energy policy would prohibit newly-built electric utility plants from burning oil and gas, and put pressure on certain industrial users to switch to coal. Existing utilities would also come under pressure to change to coal burning. These requirements would be backed up by tax penalties and allowances to encourage conversion. Attempts to secure exemption clauses are under way.

But there are other reasons why President Carter's objectives for the coal industry, on which he has based about half the oil and gas conservation plans in the energy policy, appear too ambitious. One is that, as it stands, the Administration is proposing that expensive "scrubbers" be fitted to the towers of coal-burning electricity-generating plants to clean the sulphur out of the smoke emitted.

The plans call for scrubbers even on plants using low sulphur coal from western states like Wyoming or Montana and, as Mr. Goss points out, this, when coupled with the transport costs of getting western coal to eastern markets, eats into the economies of using stripmined coal from these states. Scrubbers can cost up to 10 per cent of the cost of a new coal-fired generating plant. They are also less effective at removing sulphur from already low sulphur coal.

These are some of the reasons why there are doubts about exploiting the huge coal reserves in the western plains. Others relate to the bottlenecks of transport, currently inadequate to meet proposed goals, and the difficulty of opening new mines quickly enough to build up supply.

At the end there is also the long-term environmental concern about the effect of burning much more coal, and so releasing much more carbon dioxide into the atmosphere. Some scientists suggest that on the scale proposed, heavy coal burning could raise the temperature of the earth three/four degrees which would start to melt Artic icepacks. The reason for this phenomenon would be the increased carbon dioxide in the atmosphere preventing excess heat radiating into space from the earth.

That this is not merely science fiction is indicated by the weight of concern expressed.

Dr. Robert Sachs, director of the Argonne National Laboratory near Chicago, who worked on the atomic bomb Manhattan project, and is now head of one of the nation's foremost nuclear research and energy laboratories, says the U.S. public is worrying about some of the wrong things in its concern about the environment as it is affected by energy development. "Public fear of the nuclear industry is exaggerated," he remarked earlier this month in an interview. "They are worrying about the wrong things, and should be concerned about the effect of the carbon dioxide build-up on the climate of the world."

Klan rally attacked

A group of blacks giving the black power salute and chanting "Ku Klux Klan, scum of the land" stormed the podium at a Fourth of July Klan rally in Columbus, Ohio, yesterday tearing the robes from participating Klansmen, UPI reports. Several persons, including a television cameraman, were injured in the club-swinging melee. Ohio highway patrol and Columbus City police, in riot gear, made numerous arrests.

Angola to release Zambian cargo

By Tim Chigodo

LUSAKA, July 6.

ANGOLA bos agreed to release 27,000 tonoes of Zambian cargo abandoned at the port of Lobito in 1975 duriog the Angolan civil wor, Mr. Haswell Mwale, the Zambian Minister of Public Works, said bere on bis arrival from Luanda wbere be beld discussions with Angolan officials.

The Zambian Government bas hired two ships to take the cargo to Dar Es Salaam. It includes railway rolliog stock, including six locomotives and nine rail tanks, snd 2,000 toones of coke for the copper mines.

Reuter adds from Belgrade: The northern Angolan oil-producing province of Cabinda is now fully controlled by troops loyal to President Agostiobo Neto, the official Yugoslav news agency Tanjug reported to-day.

It said that provincial officials told a group of foreign journalists, including its Cabindo correspondent, that peace prevailed in the territory.

The province—an enclave ot the mouth of the Zaire River—was contested by the FLEC separatist movement wbicb bas heen supported by President Mobutu of Zaire. Cuban troops have been reported to be playing an important role in maintaining Angolan rule in Cabinda.

In Lisbon, the anti-Neto and anti-Marxist UNITA movement of Angola, announced the creation of a republic in the south of the country, the area of its main support. Sr. Jorge Sangumba was quoted by the Lisbon daily Diario de Noticias as aaying that UNITA leader Dr. Jonas Savimbi bad sent him on a mission to seek the support of moderate African statea for the new Republic.

Rhodesian splits deepen among whites and blacks

BY OUR OWN CORRESPONDENT

LUSAKA, July 6.

PROSPECTS FOR the U.K.-U.S. effort to settle the future of Rhodesia looked increasingly slim here to-day as Mr. Jobn Graham, Uoder-Secretary at the Britisb Foreign Office, prepared for his second round of talks with black and white Rhodesians.

Mr. Graham, wbo arrived bere last night, will find bis task made more difficult by deepening splits within the ranks of both black and white Rhodeslans.

The purpose of Mr. Graham's visit is to attempt to reach an outline agreement oo a future constitution for an independeot Zimbabwe (Rhodesia) in 1978.

However, Mr. Joshua Nkomo, who arrived bere to-day from the Organisation of African Unity (OAU) summit in Libreville, said he would not be prepared to come up with detailed constitutional proposals until the white minority Government in Salisbury bad surrendered, and a guerilla-backed army was in power.

Clearly emboldened by the OAU decision this week to recognise the Patriotic Front as tbe legitimate Rhodeslan nationalist organisstion, Mr. Nkomo aaid, "Yon don't produce constitutional proposals wben you're fighting."

Mr. Nkomo was to meet Mr. Grabom and Mr. Stepben Low, the U.S. Ambassador bere, to-day, hut the meeting was postponed until to-morrow for unspecified reasons.

The U.K.-U.S. team had been hoping to receiva constitutional proposals from Mr. Nkomo and Mr. Robert Mugabe, the co-leader of the Patriotic Front. An independence constitution was to bave been port of a three-point Britisb peace package which would bave nshered io a transition government. Another part of the psckage is a Zimbabwe Development Fund. Mr. Nkomo said that this could turn ont to be a trap.

Mr. Nkomo said that the first priority was to end the war by defeating Mr. Ian Smitb, tbe Rhodeaian Prime Minister. The Front's guerillas would then take over the army and police under an interim government run by figures from the liberation struggle, which would draw up a constitution.

The nationalists' scenario seemed to run counter to the Bridsh one and added another problem to tbe mounting difficulties facing the visitors as splits widen among the black and white groups with which it is dealing.

Smith attacks Patriotic Front

BY TONY HAWKINS

SALISBURY, July 6.

DESCRIBING the Patriotic Front black nationalist movement as "public enemy numher one," Mr. Ian Smith, the Rhodesian Prima Minister, to-day underlined the difficulties facing the Britiah Foreign Secretary In seeking to reach a oegotiated settlement of the Rhodesian disputa.

Mr. Smith'a flat rejection of the Patriotic Front came the day after the OAU summit in Libreville had endorsed the alliance as the true representatives of the 6.3m. Rhodesian blacka. Asked at a news conference if be would hand over tbe country to the Froot, Mr. Smith replied "Certainly not. As far aa we ore concerned, the Patriotic Front are the main enemies. They are the onea who to-day are supporting terroriam."

The Rhodesian leader denied claims by the African National Council (Zimbabwe), tbe domestic political party of Mr. Nkomo, that he had reached secret agreements with tbe United African National Council of Biahop Abel Muzorewa, or ANC of Rev. Ndahaningi Sithole.

Asked whether he would agree to an international peace-keeping force in Rhodesia durlng a transition perlod to majority rule, Mr. Smitb aaid that this was not on, if it was intended to succeed the existing military structure. However, conceding that the Rbodesian forces were "stretcbed to the limit," he said that be would consider "responsible suggestions" from western powers.

Mr. Smitb's remarks were not entirely negative. He left newsmen with the clear impression tbat the Rev. Sithole, who ia due In Salisbury at the weekend, would be allowed back ioto the country. Mr. Smith aaid that certain governments, including some hlack governments, had urged him to allow Mr. Sithole to return, while hlack people llving in the eastern districts area (wbere Mr. Sithole has considerable support) wanted him back to try and organise them.

$2.1bn. aid pledge delights India

By K. K. Sharma

NEW DELHI, July 6.

THE AID India consortium's decision to give India up to $2.1bn. this financial year has come as a pleasant surprise to the Finance Ministry which had feared severe cuts becanse of the comfortable foreign exchange reserves position.

The consortium bas substantially increased aid—from the $1.76bn. pledged last year. The decision to increase the aid was announced yesterday in Paris wbere a meeting of the consortium (of the major Western countries and Japan) was held under the auspices of the World Bank.

India's foreign exchange reserves have more than doubled in the past year, are now well over £4bn. and contlnne to rise by roughly $150m. every month. This has caused considerable embarassment to Finance Ministry officials wha have asked for continnance of foreign aid.

In fact, the first day of the Paris meeting was spent largely on hearing the Indian spokesman explaining that the buoyancy in the reserves was a temporary phenomenon aince the Government plans to use them for development. This was endorsed by the World Bank which presented a favonrable report to the consortium on the Indian economy, hut pointed out that India continued to be a poor country although the prospects of growth were good.

The only cut made hecause of the reserves is on deht rellef which has been reduced from last year's $140m. to around $60m. This is not expected to cause difficulty.

Police find body of Egypt politician

The body of a former Minister of Religious Affairs was found by the state security police in Cairo yesterday, shot by members of an extremist Muslim group, Michael Tingay writes from Cairo. Sheikh Muhammed Hasan el Zahabi, who was Minister of Religious endowments until last November, was taken from his home four days ago at gunpoint by a gang of men dressed as policemen.

His disappearance led to a widespread hunt for members of a fanatical organisation called the Group for Atonement who claimed responsibility for the kidnapping.

Creditors of Zaire

Leading creditor nations of Zaire began a two-day meeting in Paris yesterday to review the country's Government-to-Government debts, AP-DJ writes from Paris. Representatives of 11 creditor nations of the Club of Paris are reviewing the implementation of an agreement made last year which involved the re-scheduling over a 10-year period of debt repayments falling due in 1975 and 1976, and which was expected to open the way for the resumption of interest payment, conference sources said.

But Zaire was reported to have failed to make the first repayment on July 1, 1976, of 15 per cent. of its unpaid debt service accruing from 1975 and the first half of 1976, as had been agreed.

Namibia administrator

A white South African judge was yesterday named as the man who will run Namibia (South-West Africa) until it becomes independent, Reuter reports from Pretoria. He is Mr. M. T. Steyn, a lawyer who is regarded as without political ambitions. He has been appointed Administrator-General of the disputed territory.

Hussein-Khaled talks

King Khaled of Saudi Arabia yesterday met King Hussein of Jordan for the first round of talks scheduled to take place during the Hashamite monarch's short visit to Saudi Arabia, the Saudi press agency said, according to UPI and Reuter.

DMC talks resume

The middle-of-the-road Democratic Movement for Change (DMC) voted yesterday to resume talks with Prime Minister Menahem Begin's Likud bloc in a move that could significantly broaden the parliamentary base of Israel's coalition Government, UPI reports from Jerusalem. The DMC's executive committee voted 14 to six with three abstentions in favour of renewing the negotiations. Prof. Yigal Yadin, the DMC's co-founder, haa informed Mr. Begin of the vote.

ON OTHER PAGES

Syria regime probes underground groups

BY IHSAN HIJAZI

BEIRUT, July 6.

THE REGIME of President Hofez Assad in Syria is under beavy pressure. The explosion wbicb rocked Damascus on Monday has prompted the authorities to launch a wide-ranging investigotion into the activities of nnderground cells bostile to the regime, according to travellers from the Syrian capital.

The car bomb explosion, in which six people were killed and 12 injured, took place on a main street near the Ministry of Defence.

The state-controlled media predictably accused the rival regime in Baghdad of responsibllity. Iraq was also hlamed for assassinations and other acts of sabotage wbich bave taken place in Syria in the past year. Last mopth, Brig.-Gen. Abdel Hamid Razzouk, commander of the Missile Corps, was assassinated outside his home in Damascus.

On Monday, the day of the explosion, Al Baath, the newspoper which speaks for the ruling Baath Party in Damascus, claimed tbat enemies of the regime who had in the past tried to fight Syria through the Lebanese civil war were now trying to move the pressure inside Syria itself.

Without mentiooing them by name, it said these enemies were now exercising economic pressure to try to make the regime cbange its socialist system. A special attempt was being made to exaggerate Syria's economic difficulties, it said.

The general economic altuation is believed to have been discussed in detail last month by the Regional Command of the Baath Party, whicb is the policy-making body of the regime.

Some members apparently maintained that Syria had gone too far in its economic liberalisation policy and must therefore return to stronger socialist measures. Others pressed for further liberalisation.

Meanwhile, agency reports say figbting in southern Lebanon ebated early to-day after intermittent artillery exchanges between Christian Militia aod left-wing Moslems and their Palestinian allies late last nigbt.

Sporadic artillery duels could be heard from the Lebanese side in three sectors of the troubled frontier but died down at abont midnight, according to local residents.

The Palestine Liheration Organization is reported to have offered to balt Palestinian military action near the horder with Israel if Israeli-backed Lebanese rigbt-wingers cease hostilities.

The propoaal, made late on Tuesdoy by the top political adviser to PLO chief Yassir Arafat at a meeting with the Moslem National Front for the Safeguard of the South, bas to be transmitted to rigbt-wing leaders to-day, sources who attended the meeting said.

Sadat-Libya peace moves

CAIRO, July 6.

EGYPTIAN President Anwar Sadat said to-day that Egypt and Libya are attempting to settle their differences and that President Gnassingbe Eyadema of Togo is acting as a mediator.

The Middle East News Agency quoted President Sadat as saying that Egyptian and Libyan Ministers bad held talks at the Organisation of African Unity summit In Libreville, Gabon. The two Ministers were flying with Gen. Eyadema to Togo to continue their talks.

Reuter

Eban cleared of bank misuse

JERUSALEM, July 6.

ISRAELI legal authorities to-day cleared Mr. Abbe Eban, the former Foreign Minister, of maintaining illegal foreign hank accounts.

Israelis require official permission to keep bank accounts In other countries. Complaints against Mr. Eban cama undar acrutiny after former Prime Minister Yitzhak Rabin and his wife were fined for having an undeclared U.S. account.

Mr. Eban denied having broken the law.

Reuter

Australia lifts curbs on foreign borrowing

By Kenneth Randall

CANBERRA, July 6.

THE Australian Government removing most of the restri tions on overseas borrowin wbicb It imposed only six mont ago io the wake of its devalo tion of tbe Australian doll The announcement to-nigbt the reversal is the most su stantial admission from the G ernment so far that devaluati hos not bad the impact aoug

From to-morrow, tbe varial deposit requirement on overse borrowings of two years or m will be suspended, ond tha b on borrowings of less than t years will be abandoned. montbs will now be the minim term for overseas borowings was the case until January.

The variable deposit requ ment (VDR) is one which qnires a borrower of overs funds to lodge a proportion the money with the Rese Bank, interest free. for the du tion of the loan. The VDR been operating at a level of per cent. since tbe Jano announcement, although so types of capitol investment mining and manufacturing h heen exempted.

Mr. Phillip Lyncb, the Fed Treasurer, said In bis Jan announcement that the bor ing restrictions were being posed "in tbe light of clear dications that. in the absenc restrictions, capital inflow f ahroad would result in exces domestic menetary expansi

But now the Government had to recogniae that it c reacted. Although there w caoital inflow of $A6 (£384m.) in Decemher, im diately after the devalnatio 17.5 per ceot., the figure down to $A111m. (£71m.) May, with the devalnation to about 12 per cent.

All the available evid suggests that capital has l flowing out of Australia a in the past mootb or so. devaluation has had oeglig effect on exports, althoug made Imports more expen Economic commeotators mentioning the possibility renewed pressure for a fur devalnation before the enc this year.

KENYA'S ECONOMY

Perking up with coffee

BY JOHN WORRALL IN NAIROBI

KENYA has made a dramatic economic recovery from the doldrums of 1975 and 1976. The terms of trade are substantially improved, output is rising in all sections of the economy, foreign assets have doubled and employment has recovered.

The high prices of coffee and tea, together with record crop yields, has contributed largely to the improvement. Manufacturing output has increased, the transport industry is doing well, building and construction is booming, and tourists continue to come in increasing numbers. Better times have been reflected in a minimum wage increase, and tax concessions have been made to lower paid workers.

The danger now is an attack of inflation. Prices could rise steeply. Given a rapid increase of population (by well over 3 per cent. per annum), the best news has been no rise of paid employment by 4.7 per cent., whereas in 1975 it fell by 0.9 per cent. While GDP rose by only 1.7 per cent. at constant prices in 1975, in 1976 it rose by 5.1 per cent. In 1976 the terms of trade showed a dramatic improvement, wiping out the losses of the two preceding years. According to the 1977 Economic Survey, produced by the Finance and Planning Ministry and the Central Bureau of Statistics, the payments deficit was reduced from £K80.6m. (about £113m.) in 1975 to £K42m. io 1976.

Imports increased by £K45.3m. In value and by 2.4 per cent. in volume; but exports rose by £K73.3m and by 5.9 per cent. in volume. The account for invisibles also improved. The overall deficit on curreot accoant was financed by an inflow of private capital and borrowing by the public sector.

Kenya's basic livelihood comes from agriculture. Coffee, tea, and wheat farming prospered in 1976 despite poor rainfall in some areas. Production of sisal, pyrethrum, and maize fell. Beef production went up sharply, because grazing was poor and immature stock had to be slaughtered.

KENYA'S ECONOMIC RECOVERY

	1975	1976
GDP growth (at constant prices)	1.7%	5.1%
Rise in paid employment	−0.9%	4.7%
Balance of payments deficit	£K80.6m.	£K42m.
Foreign exchange reserves at end of year	£K70.6m.	£K114m.

Controlled prices of wheat, maize, rice, sugar cane, and beef were raised last year to help the so-called working poor in the rural areas, three fifths of whom have no more than two hectares of land. This increased the cost of living in the towns.

A drive oo manufacturing produced a growth rate of 13.3 per cent. in 1976 re-establishing the big hgrowth rates of the past. Food products, chemical, leather aod plastic prodncts were up, though petroleum products fell. A bigh level of investment in manufacturing in 1976 could lead to higher output in 1977.

One clond over Kenya's manufacturing industry has been closure of the border by Tanzania earlier this year. All t stopped. In 1976 Kenya exp goods worth £K23m. to Tanz and imported goods w £K11.6m., leaving a favou balance of £K11.4m.

But the adverse effect Kenya's balance of payments year is likely to be offset la by coffee and tea exports where. While nobody minir the seriousness of the Tanz situation, Kenya recognises a fact of life and is busy t to build up alternative ma Unfortunately for Kenya border closure has all but ki promising market with Zai reached by road transport a Tanzania.

The coffee and tea boom h an unprecedented increas Kenya foreign exchange rese which rose from £K70.6m £K114m. in the year en December 1976. The am covers about two or three mo imports but is likely to reduced drastically when coffee boom subsides.

Serious signs of strain showo up in the past six m because of the break-up of East African Community, now seems doomed. Kenya "regionalised" its own ra and harbours systems. Faced the collapse of East African ways it haa launched its Keoya Airwaya, wbolly o and financed by the K Government. The cost to K of the break up of the munity is incalculable and only be known wheo the a ing problem of sorting ou assets of the various corpor ia solved.

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Another Japanese manufacturer to start operations in Wales

BY CHRISTOPHER DUNN

ANOTHER JAPANESE company, Sekisui, the plastics and chemicals manufacturer, is planning to begin operations in Wales shortly, bringing the number of Japanese companies operating in the principality to four.

The others are Sony, Matsushita Electric and Takiron.

Details of this fresh investment initiative by the Japanese in Wales emerged yesterday at a conference on Welsh/Japanese trade given in London by the Development Corporation of Wales.

Sekisui is expected to set up operations in a 35,000 square feet plant in the Merthyr Tydfil industrial park, employing some 50 people initially and costing around £0.75m.

The capital outlay should, it is believed, qualify for an interest relief grant.

Sekisui will manufacture polythylene foam for cars. It is thought a second manufacturing plant will be set up, if the initial project performs successfully.

But Mr. Sano, Commercial Minister at the Japanese Embassy, warned that Japanese investment plans in the U.K. are now being reassessed. In future, the Japanese intend to go for joint ventures and licensing agreements in this country, as opposed to their recent practice of making direct wholly-owned investments.

He hoped that the U.K. Government would approve joint venture schemes, "without making the conditions too strict. The British Government needs to be realistic."

Mr. Sano added that British industry needs to be more farsighted about the Japanese presence, and said that objections by British manufacturers could bring "unfortunate results." Either the Japanese would continue to export direct to the U.K., or they would find other countries to invest in.

But Mr. Sano made it clear that Japanese scepticism about the risks of setting up in the U.K. because of the poor British labour record, was beginning to disperse.

The Welsh project should be seen in the context of growing European penetration by Sekisui. In recent years, it has set up manufacturing plants in Holland, West Germany and Italy.

The Dutch investment also employed about 40 workers initially and qualified for a 25 per cent. State investment premium.

The other Japanese companies in Wales set up operations between 1973 and 1976. Takiron, employing about 100, has a turnover of £3m. and exports over half its production.

Sony and Matsushita manufacture TVs and between them give work to nearly 700.

Air talks on cheaper fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES FLYING the North Atlantic are to meet in Geneva next week to consider the possibility of introducing new, cheaper fares on scheduled services on the route.

Principal reason for the meeting is the introduction in September of Laker Airways' no-reservations Skytrain service, which is expected to start with a one-way fare of £59, London-New York, and a New York to London fare of about £79.

These rates will offer severe competition to the existing cheapest Advanced Booking Charter and Advanced Purchase Excursion fares available on the scheduled services of airline members of IATA including British Airways, Pan American and Trans World Airlines.

At this stage, the other airlines' response to Skytrain are not clear. Pan Am and TWA have said they would be prepared to allocate some seating capacity on their normal scheduled flights between London and New York for comparable low fare traffic. But they have not sought permission for this, and appear to be waiting to see just what competitive effect Skytrain has.

Mr. Edwin Smart, TWA chairman, says that it will not be good for anybody, including Mr. Laker, if massive capacity is opened up at these low fares levels.

The I.A.T. member-airlines are concerned, not just about Skytrain, but over the trend towards cheaper fares on a route that is traditionally one of the most expensive to operate.

I.A.T.A. through its various fares conferences, has tried to match the growth of low-fare charter competition, initially with the introduction of Apex fares, while it is now considering the introduction of even lower fares.

French sign pact with N. Yemen

By Robert Mauthner

PARIS, July 6.

FRANCE and the Yemen Arab Republic (North Yemen) signed a five-year economic and technological co-operation agreement here to-day, valued at some Frs.1bn. (about £120m.).

Under the agreement, which was concluded at the end of an official visit to France of President Ibrahim Al Hamdi of the Yemen Arab Republic, France will provide Yemen with a Frs.300m. telecommunications system.

The French have also undertaken to build harbour installations and to help Yemen in the fields of road transport, oil exploration, mining research and tourism.

Following his talks with President Giscard d'Estaing, President Hamdi, who yesterday watched a demonstration of France's latest military equipment, including Mirage jets and AMX tanks, told a Press conference that he had not come to France to negotiate any new purchases of arms. But he added that military co-operation between the two countries had been a going concern for a long time.

France, together with other "brother countries," would be offered the opportunity to give military aid to Yemen under its Fifth Plan.

The Yemen President said he was highly satisfied with his visit to France, which had shown that the two countries' views on world and Middle East problems were very close.

He singled out for particular praise President Giscard's stand on the Palestinian problem.

EEC to limit imports of some 'sensitive' textiles

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 6.

THE EUROPEAN COMMISSION said to-day that it has decided on measures to limit the growth of four categories of sensitive textile imports into the EEC and will shortly begin consultations with a number of supplier countries on their application.

The Commission's action is intended to supersede the unilateral restrictions on imports of those products announced by France last month, which threaten to undermine the cohesion of the EEC's common commercial policy. But it also provides for Community-wide limits on the growth of cotton yarn imports and for selective import relief for Britain and every other EEC country except Ireland and Italy. The other three import categories affected are T-shirts, men's shirts and similar articles and women's blouses. Though France will benefit from EEC sanctioned action, on all these items, the measures envisaged by the Commission go less far than the unilateral steps announced by the French Government.

The Commission measures will not affect imports from the developing countries linked to the EEC by the Lome Convention, which were included in the French scheme. Moreover, France also announced safeguard measures against skirts, suits, trousers and woven cotton exported by four Mediterranean suppliers and Mauritius.

While no exact figures have been disclosed, Commission officials indicated that the import growth provided for under the limits decided in Brussels is somewhat more generous than envisaged under the French measures. But they added that they expected France to drop its unilateral measures soon.

Britain is due to gain relief on imports of t-shirts and mens shirts from a number of suppliers. Measures will also be taken affecting imports of T-shirts by Germany, Denmark and the Benelux countries. The Commission has not identified the supplier countries, but it is understood that these number well over a dozen, and are predominantly Mediterranean countries where large scale textile exporting is a relative recent development. Only about a third of the countries are party to the multi-fibre Arrangements, and Hong Kong is understood to be excluded from the list.

As an example of the scale of the problem, Commission officials cited the case of one unidentified North African country whose exports of t-shirts to the EEC had grown from 7,000 to 7m. annually over a period of only two years.

Overall, EEC textile imports had grown by 80 per cent. in tonnage between 1973 and 1976 and were worth 9.3bn. last year. During that four year period, the EEC had moved from an aggregate surplus on textile trade of $956m. to a deficit of almost $1.3bn.

Rhys David writes—The EEC was yesterday urged to stand firmly by its tough negotiating stance at the GATT Multi Fibre Arrangement talks which began in Geneva this week.

Mr. Ian Macarthur, director of the British Textile Confederation, said that despite objections from other countries there should be no question of compromising on the basic principles laid down in the mandate for the Community's negotiators by the EEC member countries.

"It is essential that the Community should adhere to its mandate and do so with firmness and resolve," he told the Textile Converters' Association in Manchester. Mr. Macarthur said there were two vital elements in the mandate. First, that the rate of import growth of sensitive products—those with a market penetration of 25 per cent. or more—should be sharply reduced, and secondly that the total imports of these sensitive products should fall within a ceiling set by the Community.

"It follows from this that the more advanced countries in the developing world, which have benefited enormously from the present MFA, should now make some sacrifice to help their poorer neighbours. They must allow them also the opportunity to have some share of the relatively rich markets in the Western world," he said.

Mr. McArthur said Europe had given much to help the economic progress of the first league in the developing world and it was now reasonable to expect them to help the truly needy to make some progress.

Demand for multi-fibre changes

By Our Own Correspondent

GENEVA, July 6

CANADA and Pakistan to-day demanded big changes in the 1973 Multi-Fibres Agreement which expires at the end of this year.

Both countries, although for different reasons, told the textiles committee of the GATT that they totally reject any simple renewal of the agreement.

The Canadian and Pakistan delegates, according to observers inside the private talks, said that, unless changes were made, "the agreement will not be worth signing." These were the harest statements heard so far at the textile negotiations, which began on Monday, the observers said.

Canada and Pakistan took a tougher line than that of the EEC which declared yesterday that it also opposes a simple renewal of the current agreement.

GATT and other officials supporting renewal, however, believe that the Community is less opposed to the wording of the present accord than to the manner in which it has been interpreted. If additional clauses concerning interpretation could be worked out, the more optimistic participants feel, the Community would accept renewal for five more years.

Dell warns of danger to free trade

Financial Times Reporter

THE WORLD'S open trading system is seriouely threatenad by the forces of protectionism, Mr. Edmund Dell, Secretary for Trade, warned in London yesterday.

He caited for ection to reduce the increasing tensions in the world economic eituation and said the United Kingdom was "perfectiy reedy" to join with other countries to make multilateral trade negotiations a success wbicb would free trade further and enconrage its growth.

Mr. Dell was addressing a conference on export strategy organised by the London Chamber of Commerce end Industry and the Institute of Export.

He said the existence of 15m. unemployed within OECD countries and the "deeply worrying" failure of governmeots to create an loternetional climate favourable to economic expansion meant an increasing threat toc the open trading system.

Nations bad different loterests whlcb would oot be sacrificed. "If some way is not found of reconciling these different interests ratber more successfully than we have recently done, a great deal of value to the world end its people may be lost. I bope the problem will ba seen and properly understood before it is too late," he said.

Strict anti-dumping line urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LEGISLATION AGAINST dumping should be rigorously epplied in order to maintain liberal trade policies, according to a report published to-dey by the Trade Policy Research Centre, an independent academic and business organisation etudying internetional ecooomic issues.

The report was prepared by Dr. Peter Lloyd of the Australian National Univerity as part of a programme of studies on the reform of the General Agreement on Tariffs and Trade.

In particular, Dr. Lloyd argues predatory dumping should be condemned but points out it bas been practised most conspicuously by industrial countries wanting to dispose of cereal surpluses.

He says regulatory trada measures, such as anti-dumping duties, sbould be strictly applied because "in democratic countries . . . it takes considerable courage for elected representatives in the legislature to support liberal trade measures.

"The gains from liberal trade are long term. But the problems of adjustment tend to be felt in the sbort term."

Dr. Lloyd points out those supporting liberal trada represent somewbat variegated interests which criss-cross witb one another. "Thns e coalition of interests in support of liberal trade can be maintained only on a basis of what can be shown

The report says the GATT anti-dumping code adopted during the Kennedy Round negotietions bas in general "been successful in establishing uniform and satisfactory procedures, but less successful in overcoming problems due to interpretation of the key definitions such as material injury."

Dr. Lloyd finds dumping is common among the petrochemical producers of the larger developed countries. In the U.K., actions (14 out of 30) in wbicb substantive anti-dumping duties were imposed between January 1, 1957 and April 30, 1977, were on products of the chemical industry.

But there bas only been one duty imposed since 1974.

The report suggests anti-dumping action is often taken wben dumping and severe competition from non-dumped imports occur together, reflecting low profit mergins and low competitive ability in the industry concerned.

The report aleo draws attention to the lessons from the anti-dumpiog code which are relevant for the negotletion of a code on subsidies and countervailing duties, an item on the agenda of the Tokyo Round negotiations.

The need for a code on subsidies has been underscored in the U.S., according to Dr. Lloyd, by the ruling of the Customs Court, in the case of the Zenith Radio Corporation, that rebatee on taxes paid on goods being exported constitute en export subsidy.

"Anti-dumping actions and the GATT system," Dr. Peter Lloyd, Trade Policy Research Centre, 1, Gough Square, London, E.C.4; price £2 00.

Islamic market proposed

By James Buxton

THE world'e 40-odd Muslim countries, which stretch from Indonesia through the Middle East to West Africa, should take steps towards the formation of a common market, it was suggeeted in London yesterday.

Dr. Abdel Moneim el Banna, deputy governor of the Central Bank of Egypt, told a conference on the Muslim World and the Future Economic Order that the Muslim countries should form an area of economic co-operation and free trade to match the strength of the industrialised nations and to organise their economies according to Muslim principles.

As a first step there should be co-ordinated planning within the region, leading to the siting of industrial and agricultural projects in the most appropriate countries. Trade within the region could be promoted by preferential tariff arrangements and an Islamic Reserve Fund and an Islamic Payments Union should be formed.

He said it would be necessary for specialist groups to determine the priorities of an economic programme based on three Muslim principles: self-help, joint responsibility and obligation to provide the Muslim countries with economic security.

Hawker in Somalia

Hawker Siddeley Power Engineering's industrial division, has obtained a £1m. order from Ente Nazionale Energia Elettrica of Somalia, for the supply and shipment of electrical distribution equipment. The contract follows a previous order placed with another group company, Mirlees Blackstone for the supply and installation of four diesel generating sets for the Gesira power station at Mogadiscio.

Consulting engineers for the project are Ewbank and partners.

Meanwhile an order for railway rolling stock suspension units worth £400,000 has been given to Dunlop for their metalastik chevron springs. The order is related to the contract placed earlier this year with British Rail Engineering by Kenya for 1,200 freight wagons.

Wine fair for Bristol

By Kenneth Gooding

WHAT IS claimed to be the "first truly worldwide wine fair and festival" is to be held in Bristol in July next year.

It will be sponsored by the Wine Development Board, the organisation set up by the U.K. wine trade to promote the knowledge of wine, the City of Bristol and the Bristol Hotels Association.

Representatives from 29 wine producing countries as well as importers, retailers, travel agents and airlines were told by Mr. Peter Noble, chairman of the WDB yesterday that "Britain is the logical host country for the fair and festival since it is large in terms of population but with a low rate of wine consumption. We therefore offer exciting growth prospects for wine producing countries anywhere in the world."

The prospect was, added Mr. Noble, of wine sales in Britain doubling to 1bn. bottles by 1984 at the latest.

The fair would offer the chance for everyone interested in wine to meet "in one centre on neutral and unbiased ground. And there is a need for this sort of activity," he added.

The hope is that the fair will become an annual event.

HOME NEWS

Industry to get planning priority

By Kenneth Gooding, Industrial Correspondent

LOCAL AUTHORITIES were to be told that they should give top priority to manufacturing industry in planning and housing matters, Mr. Peter Shore, Secretary for the Environment, said yesterday.

He told the National Economic Development Council that his department would shortly be sending out a circular urging local authorities to switch the emphasis of their policies to fit in with the demands of the industrial strategy programme.

Among other things, authorities would be asked to:

- Give precedence to industrial planning applications, whatever their size, over housing applications. At the moment equal importance is given to housing and major industrial development applications.
- Adopt more flexible housing policies so as to aid industrial mobility, perhaps by providing for key workers and by being prepared to let some of their houses to any one with good employment reasons for moving.
- They should also consider whether building for sale rather than rent might help incoming or expanding industry where the private market is not meeting the need.

Focal point

- They should ensure that redevelopment and slum clearance schemes do not unnecessarily displace manufacturing industry.
- And they should remember that every local authority should provide a focal point to give a quick and constructive response to inquiries from industry and to co-ordinate the industrial aspects of the authority's own policies.

Mr. Shore also promised that his department would give priority to planning appeals and called-in applications where industrial development was involved.

During the last two years there had been a substantial shortening of the times taken to decide appeals. "Nevertheless, it is confidently expected that the priority handling of all industrial development cases together with new arrangements under consideration for delegating work to inspectors should reduce further the time taken to issue decisions."

Mr. Shores aid that his department would follow up the circular at regular intervals to ensure that the changes in policy are taking effect and the Confederation of British Industry representatives at the meeting stated they would make sure industrialists were aware of the new approach.

He was at yesterday's meeting because the Prime Minister is determined that Ministers not directly involved in the industrial strategy programme, nevertheless, should understand its objectives.

Firm links

His promises about planning procedures were widely welcomed by the Council, but there was some disappointment that he had not dealt with local authority purchasing arrangements and the way they affect industry. He indicated that a separate circular about this problem would follow the circular on housing and planning.

Mrs. Shirley Williams, Secretary for Education, who was also at the meeting, said that she had been particularly concerned about the great gulf between the education system and manufacturing industry.

She was hoping that firm links could be established between schools and local companies and that Boards of Governors of schools—now reflecting the political bias of the local education authority—might be reconstituted to include more industrialists and trade unionists.

Ford halts expansion until output rises

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. has ruled out all prospect of investment in further car assembly capacity in Britain until productivity at its two plants at Dagenham and Halewood shows signs of reaching Continental levels.

Mr. Bill Hayden, vice-president manufacturing for Ford of Europe, spelling out this uncompromising message in the Ford company newspaper, says any investment in a new U.K. body and assembly plant would lose money at present rates of output.

"It is a sad fact that Britain's industrial performance as a nation is such that when significant additional facilities are required for manufactured goods of any kind for European or world markets, it is bottom of the league in its ability to compete as a secure and profitable supply source," Mr. Hayden says.

Mr. Hayden, one of the senior British executives on the Ford of Europe Board, was replying to an employee's inquiry about future investment policy.

His letter follows a sustained campaign within Ford U.K. to improve output after a poor six-month spell at Halewood and the recent dispute at Dagenham.

He says in the January to May period this year the Halewood plant achieved 40 per cent. less than its target production rate.

Against a capacity of 1,061 units a day, the factory had manufactured only 640 cars on average, a loss of 43,700 units in the period.

Achieved

"At Dagenham, for the same period, capacity existed to achieve a daily rate of 1,150 units but only 888 a day were achieved—a loss of 30,400 units. Compared with this, the three major Continental Ford plants have all made their schedule this year."

Mr. Hayden, whose name has been mentioned speculatively in the past in connection with British Leyland jobs, says that even at last year's profit levels, when Ford made a record £122m. before tax, the company could not make money on an investment in an assembly operation.

"To equip a new body and assembly plant in Britain for a thousand units a day would require investment in the order of £350m. At 1976 profit levels, a thousand units a day would generate profits of about £11m.—a 6 per cent. return on average investment.

"To earn that 6 per cent., money incurring interest at 10 per cent. plus would have to be borrowed. That is a formula for going out of business fast."

The remarks in the letter are carefully directed towards the question of investing in large-scale new production facilities, in which Britain would be competing with Germany and Spain, where Ford has erected its most recent assembly plant.

During the last few years, Ford has been continuing to invest in Britain at the rate of about £50m. a year, but this money has gone either into plant alterations or into the component area.

Mr. Peter Jay (left), who is to be Britain's new Ambassador to the United States, and the man he replaces, Sir Peter Ramsbotham, leave the Garrick Club, London, after lunching together. "Believe it or not," said Sir Peter, "we both chose the same menu." Sir Peter—whose replacement by Mr. Jay, son-in-law of Mr. James Callaghan, caused a political row—arrived back from Washington on Sunday. He said then that he had "no regrets" about returning home.

Food price rises to ease, says Sainsbury chairman

By James Bartholomew

THE PACE of food price inflation will moderate over the next six months, Mr. John Sainsbury, chairman of Sainsbury's, the major food retailer, predicted yesterday.

Speaking at the company's annual meeting, he estimated that by the end of this year the increase in food prices would be "near 15 per cent. rather than 20 per cent" and that there was "some reason to hope the level will be nearer 10 per cent." in a year's time.

The current 20 per cent. rate of food price inflation was partly due to factors which would be reduced or eliminated in the coming year, he explained.

Apples scarce

The biggest single cause had been the fall in sterling which had now stabilised. Meanwhile, the reduction in food subsidies, which had accounted for about 3 per cent. of the 20 per cent. rise, did not have much further to go.

And the exceptional commodity price rises, notably in tea, coffee and cocoa, seemed to have run their course. Last year's drought had "turned the common potato into a luxury article" and the weather worldwide had been "against us."

"We are not out of trouble yet in this regard," he said. "The new scarcity is apples, but at least world harvests in many commodities have improved in the last year."

He pointed out that U.K. food bills have been subsidised by the EEC "to the extent of no less than £1m. per day through the mechanism of the Green Pound." "If that changes," he said, "it will have an adverse effect on our food bills."

Lynch seeks early talks with Callaghan on Ulster

BY GILES MERRITT, DUBLIN CORRESPONDENT

MR. JACK LYNCH, Ireland's new Prime Minister, has asked for an early meeting with Mr. James Callaghan to discuss "fresh initiatives" in Northern Ireland.

Mr. Lynch said yesterday that he had not yet decided on the points that he would put to the British Prime Minister, but nevertheless reaffirmed that his Government's policy was to seek the reunification of Ireland.

His immediate aim would be "to take steps along that line" and the indications are that he is planning to discuss the setting-up of the "necessary structures and procedures" that would be required. He is also considering the appointment of a personal representative to deal with Ulster affairs.

Before Mr. Lynch took office on Tuesday, he had told the U.K. Ambassador in Dublin that he hoped to see Mr. Callaghan at the earliest convenient date. He made it clear that the meeting would be a preliminary discussion dealing with Ulster's future in broad terms.

Mr. Lynch, nevertheless, made it plain that any Ulster settlement would be an interim solution only. He said his Government wanted the reunification of the Irish people so that they could manage their own affairs without foreign, or outside, interference.

British officials, however, are hoping that Ireland's desire to influence British policy in Ulster through close and informal contacts will encourage Mr. Lynch to put his case with restraint.

The new Irish Government will be re-examining two controversial pieces of legislation regarding Ulster enacted by the Cosgrave Government.

The first is the Criminal Law Jurisdiction Act, the so-called "no hiding place" law twinned with British legislation that provides for terrorists to be tried on either side of the border.

Commenting that the Act had not yet been used — it is well known to be an unwieldy system — Mr. Lynch said that it could not easily be administered and he was contemplating the proposal of all-Irish courts instead.

Speaking to the Press yesterday on the Fianna Fail Government's policy thinking, Mr. Lynch said that his party's October 29, 1975, policy statement on Northern Ireland remained the "very clear" basis of his approach.

This stated that Fianna Fail would call on Britain to declare a "commitment to implement an ordered withdrawal from her involvement in the six counties of Northern Ireland."

The party is known to have been taken aback by the tenor of British Press reactions to its mid-June electoral victory, as these concentrated on the danger of Anglo-Irish disagreement over Fianna Fail's Ulster policy.

Mr. Lynch dealt yesterday with the topic of Northern Ireland in a question-and-answer session with reporters. The impression given was that a commitment to withdraw would not be sought from the British Government during the early talks that Mr. Lynch has requested.

He concentrated on the possibility of a "consultative assembly" in Ulster, which was a reference to Mr. Roy Mason's recent comments in the Commons on the administrative devolution talks that have quietly been taking place between Ulster politicians and the Northern Ireland Office.

He would be looking again at the Emergency Powers Act introduced late last year in the aftermath of the IRA's assassination of Mr. Christopher Ewart-Biggs, the British ambassador to Ireland.

Irish politics, Page 4

More Green Shield staff may lose their jobs

By Stuart Alexander

MORE REDUNDANCIES are expected in Green Shield Stamps after the cut of 96 head office jobs announced last Friday. This may close some warehouses and gift shops, but a spokesman said last night that most of them would be offered alternative employment in Argus the sister organisation providing catalogue showrooms.

The thinning out of staff has been caused by a combination of the end of the Tesco contract at the beginning of June and the decline in the number of stamps taken up on petrol sales.

The company hopes for an "orderly return" to trading in garages following price display controls. But they have reduced their share of the overall business from 40 to 35 per cent. Groceries provided 55 per cent. of turnover with other concerns like hardware and laundries making up the remainder. The company claimed last night that with the increased orders from International Stores, Budgen and Gateway the grocery stores had been reduced to 50 per cent. But Tesco, before its withdrawal on June 5, was thought to be responsible for about 30 per cent. of the total of Green Shield business.

The company has been trimming its staff, particularly in service areas like canteen staff and car maintenance but is determined to continue advertising promotion of the stamps, including joint ventures with customers.

The company was traditionally stronger in the southern half of the country and it was admitted last night that it was more difficult to replace the lost Tesco franchises in the north. But he emphasised that the company had ample reserves to cover redemptions of stamps already issued.

Report highlights role of City banks in invisible earnings

BY MICHAEL BLANDEN

THE SHARP rise in the contribution made by the City banks to foreign invisible earnings is highlighted to-day in the latest issue of Economic Trends, published by the Central Statistical Office.

The article draws attention to the large though little publicised inflow resulting from the payment of interest, profits and dividends to the U.K. In each of the last four years, it is pointed out, the net contribution of these earnings has been about £1bn.

Within the total, probably the most dramatic growth has been seen by the banking sector resulting from the appearance and rapid expansion of the London-based Eurocurrency markets. Between 1969 and 1974, the banks' earnings from the difference between the rates at which they borrow and end in overseas currencies remained fairly stable at £15m. to £20m. a year.

In 1975, however, their net earnings jumped to more than £150m. and last year reached over £250m., mainly as a result of the steep rise in the sterling value of the turn earned by the banks.

The article points out, however, that these figures exclude the interest payments on overseas currency loans made by the banks to the U.K. public sector. This lending increased rapidly after 1973.

The most notable features of the behaviour of interest, profits and dividends in the last decade have been the growth of the private sector net surplus and the rise in the public sector net deficit. In 1976 the official deficit was £642m. having exceeded £700m. in 1975.

In the private sector the surplus rose from some £500m. in 1964 to more than £1.7bn. in 1976. The role of international companies—apart from oil companies—has become more important in the last decade. Their net contribution to the balance of payments in 1976 was a favourable £991m.

In the oil industry, too, international companies have contributed more to U.K. receipts than payments. But in 1976 foreign companies began to earn profits on their North Sea investments, and these can be expected to increase sharply in the future.

Another significant addition to the balance of payments has been the earnings on export credit, exceeding £250m. last year.

The decline in the role of sterling as a reserve currency has made an impact on earnings under this heading. In 1964, interest on sterling liabilities represented more than a third of all interest, profits and dividends debits, but by last year this proportion had fallen to a fifth.

At the same time, the U.K.'s dependence on foreign currency financing of overseas debt increased and interest paid on foreign currency borrowing by both the public and the private sectors has grown substantially.

Theatres facing closure

By Christopher Dunn

SEVEN PROVINCIAL theatres and the Shaftesbury in London are threatened with closure, Mr. Peter Plouviez, general secretary of Equity, the actors' union, said in London yesterday.

The provincial theatres said to be threatened are the New in Oxford, the Opera House, Manchester, and the Royal Court, Liverpool, which are owned by Howard and Wyndham, the publishing, finance and retail jewellery conglomerate.

The Palace in Manchester, the Empire, Liverpool and the Hippodromes in Bristol and Birmingham, which form part of the Moss Empires theatrical chain, are also said to be facing closure.

Mr. Plouvier called for early Government action to prevent the closure of the New in Oxford within the next few days and the Shaftesbury by July 16.

He urged the Government to put about £5m. into the Theatres Trust, which should be enough to ensure the continuation of the theatres.

Fewer business failures

BUSINESS failures so far this year have been running about 20 per cent. lower than last year, according to Trade Indemnity Company.

Between January and June, 1,017 debtors and failures were notified to the company, compared with 1,259 last year.

The number of bankruptcies this year has dropped as a result of legislation which took effect last December and which introduced higher monetary limits in bankruptcy proceedings.

Freely floating pound urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING SHOULD be allowed to float comparatively freely and exchange control regulations should be progressively eased, say stockbrokers W. Greenwell and Co. in an analysis of the economic implications of North Sea oil published to-day.

In a special monetary bulletin, they say that if these recommendations are followed North Sea oil will help to create an environment in which the outlook for the economy and capital markets could be transformed.

The main object of free floating (subject to a planned programme of gradual accumulation of reserves) and easing exchange controls would be to ensure that changes in the balance of payments will have little effect on the money supply, and the growth of money supply and domestic credit expansion would become virtually the same.

On this basis, North Sea oil will tend to reduce the growth of the money supply via a smaller public sector borrowing requirement produced by increased Government revenue, and interest rates should therefore be lower.

In due course inflation will fall, which would be speeded by any appreciation in sterling.

"The fall in inflation will release for increased real investment substantial funds which would otherwise be needed to finance stock appreciation and the higher cost of unchanged fixed investment."

Accordingly, the brokers say that finance will be available, at a price industry can afford and within tight control of the money supply, for regenerating and expanding the U.K.'s productive capacity.

Airline plans direct Glasgow to Paris link

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is planning to introduce a new daily non-stop service between Glasgow (Abbotsinch) and Paris on April 1. It is also looking at the possibility of other new services to Europe from Glasgow, such as to Copenhagen and Milan.

The airline said yesterday that the decision to expand services from Glasgow stemmed from its successes in developing new Continental services from other regional points.

The aim will be to leave Glasgow at 08.45 daily for Paris, returning from Charles de Gaulle airport at 18.05. These times would permit passengers to connect with Aberdeen and Inverness flights.

Ninian instals equipment

BY RAY DAFTER, ENERGY CORRESPONDENT

CJB OFFSHORE said yesterday that initial work had begun on installing production equipment on the central Ninian Field platform in the North Sea.

The company and its joint venture partner, Balfour Kilpatrick, have started planning the important installation operation. The work is scheduled to take four months.

It is expected that more than 200 men will be employed offshore, although at this stage it is not certain whether the work will be undertaken at the Ninian Field or in sheltered Scottish waters.

Delays drive ships from Liverpool

BY ROY ROGERS, SHIPPING CORRESPONDENT

CONTINUED congestion and delay at Liverpool docks has led to Hapag-Lloyd, the West German shipping line, diverting a container ship to the Continent and threatening to do the same with a second.

Yesterday, after waiting several days to discharge cargo at Liverpool's Seaforth container terminal, Hapag-Lloyd decided to switch the vessel to Rotterdam. From there the containers will be transhipped to Felixstowe.

At the same time, Brown Jenkinson, U.K. agent for the West German line, said that unless the Mersey Docks and Harbour Company could guarantee that its next vessel, due in to-day, would be handled in reasonable time, then it would be diverted too.

Poor productivity by the dock labour force, which in turn means slow turn-round times, has already cost the port considerable work. Even the Liverpool-based Ocean Transport and Trading group has switched some services from Merseyside to Grangemouth, Scotland.

Bristol Port has record net surplus of £1.66m.

THE PORT of Bristol achieved a record net surplus of £1.66m. in the year ended March 31, when gross income rose more than £3m. to top £15m. for the first time, writes Roy Rogers.

According to the port authority's annual report published yesterday, operating expenditure rose by £1.7m., but there was also a marked improvement in the operating surplus at £3.33m before depreciation.

After charging interest and bringing into account investment income, the share of profit in an associate and extraordinary items, there was a net surplus of £1.66m. This has been transferred to reserves.

Food prices rises to ease, says Sainsbury chairman

HOME NEWS

Big drop in wine cleared from bond

BY KENNETH GOODING

A BIG DROP in wine cleared from bond in April has worried the traders. The fall, of 1.7m. gallons, represents a 26.5 per cent. slide from the April figures last year.

Mr. John Plowman, chairman of the Wine and Spirit Association, said yesterday: "Wine trading normally falls back the month after a Budget, but these figures are more of a back somersault. They are most discouraging, far worse than expected."

Hidden by the overall statistics, however, is a big recovery in clearances of "made" wine, sold as British sherry or port-type wine.

This year, these wines are showing a 58 per cent. increase on the first four months of last year, clearances reaching nearly 4m. gallons compared with 14m. gallons of imported wine.

This improvement, after two years of almost continuous decline in clearances, has kept the total wine clearances down to a 9.2 per cent. fall in the January-to-April period.

Report on reactor accidents

By David Fishlock, Science Editor

THE RESULTS of study of the possible consequences of a serious accident at a commercial fast breeder reactor in Britain are to be published by the National Radiological Protection Board later this year.

The study, commissioned by the Nuclear Installations Inspectorate, will estimate the numbers of people which might be exposed to radiation in accidents in which various amounts of fuel in the reactor become molten.

If the reactor containment also failed, such an accident might release a radioactive cloud of gas.

The study has been described as a British version of the Rasmusen report on the safety of the light water reactor, published in the U.S. in 1975. *Human exposure to radiation following the release of radioactivity from a reactor accident: a quantitive assessment of the radiological consequences.* NRPB-R52, H. Smith and J. W. Stather, H.M.S.O., 50p.

Easier home loans 'may herald price fireworks'

BY JOHN LLOYD, INDUSTRIAL STAFF

GOVERNMENT PROPOSALS on easier loans for house buyers may mean a return to the "price fireworks" of the early '70s, according to a report from the Anglia Building Society, published yesterday.

The proposals—outlined in last week's Housing Policy Review Green Paper—offered cash help for those buying a house for the first time, together with continuing tax relief on mortgages.

Mr. C. P. Moreton, Anglia's chief surveyor, says in the report: "The market has all the ingredients for the price explosion predicted by so many. Housing starts were one-third down during the first quarter of the year compared with the same period in 1976.

"Mortgage funds have been in regular supply despite the fall off in net receipts at the turn of the year. The mortgage rate has gone down to 10½ per cent.—a repayment rate of less than £1 a £1,000 borrowed a month over a 25-year term.

"The outline proposals of the Government Green Paper on Housing, which allow for easier and freer availability of funds for first-time buyers could be a spark to the return of price fireworks of the early 1970s."

The report concedes that price stability remains assured in the short term. "The restraining factors have undoubtedly been the continuing economic recession, rising prices particularly for rates, travel, food and services, general lack of confidence and the levels of unemployment."

Anglia's analysis of house prices show average price rises over the last six months of 5 per cent. for new properties, and 4 per cent. for both post 1919 properties and pre 1919 lower.

Assuming seven years to be the average life of a mortgage, Anglia says that the buyer of a £10,000 house, paying off a mortgage over 25 years at 10½ per cent. would have £5,250 in hand after seven years, allowing for movement up market with growth in income.

"Such movement and the steady availability of homes to buy in all ranges can only assist market stability."

Mr. Sydney Burton, managing director of Gateway, reported yesterday that the present flow of investments into the society suggested an end-of-year mortgage lending figure of £102m. even though there was a fall in the first six months compared with the first six months last year.

Pressure

The Gateway lent £36.3m. to the end of last month. With mortgage advances of £21.5m. in the pipeline, the society expects to match by the end of this year its record mortgage lending of last year.

According to the report, the drop in mortgage lending for the first half of the year reflected the pressure on building societies in the early part of the year when the Bank of England's minimum lending rate was only just starting to decline from 15 per cent.

The Gateway's gross investment intake over the first six months amounted to £117.6m. compared with £90m. a year earlier. A total of 35,000 new accounts were opened to the end of last month.

After withdrawals, up to £87.2m. from £61.6m., net investment in the society increased from £28.4m. to £30.4m.

First time buyers accounted for over 48 per cent. of the total number of all loans granted in the first half of this year.

More than 42 per cent. of all loans went to borrowers earning less than £4,000 a year and 26 per cent. of loans went to people earning between £4,000 and £5,000.

Gateway's assets in the six months increased from £441m. to £481m. Share and deposit balances at the end of last month were £453m., against £400m. at the end of June last year.

Liquidity at £91.2m. represented 19 per cent. of assets as against last year's figure of £81.2m., which represented 19.3 per cent.

Margaret Reid writes: Mr. Burton added that he trusted that building society interest rates would now be reasonably stable for the time being. He hoped that the structure recently established would "see us through for at least a few months."

He looked for a steady increase in house prices over the next year, but at a slower pace than the rate of inflation.

Police chief backs protests against cuts in overtime

BY JAMES McDONALD

POLICEMEN protesting against cuts in overtime pay have gained an ally in Sir James Haughton, Chief Inspector of Constabulary for England and Wales.

In his annual report for last year Sir James—who retires on July 31—warns the Government on the dangers of cutting police overtime and allowing forces to remain under-strength.

In another section he says that a greater sense of responsibility by parents is needed to reduce the level of juvenile crime and refers to the importance of parental support for schools and the police.

The report, which does not include the London Metropolitan police, points out that a great deal of petty crime is committed by juveniles.

"Although it is all too easy to lay the blame at the feet of parents, I am of the opinion that with a greater sense of responsibility towards the arduous task of parenthood, far fewer juveniles would come to criminal notice of the police.

"A sense of respect for people and property starts in the home and continues through school, the school requiring the active support of the parents and unfortunately this support is all too often lacking."

By the time a juvenile appeared at court it was too late "and little hope is left than fervent hope that the juvenile will not reappear before the courts."

Although reported crime last year outside the Metropolitan Police District rose by only 0.6 per cent. to 1,663,240, there was no cause for complacency.

A decrease in burglaries and a small overall increase in thefts and related offences was more than offset by offences of violence against the person and criminal damage, which increased by 9 per cent. and 19 per cent. respectively.

Report of H.M.'s Chief Inspector of Constabulary, 1976 S.O. £1.65.

Airline to end Zaire service

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN Airways is ending its regular service to Kinshasa, the capital of Zaire.

The Zaire Government refuses to let the airline take out of the country its legitimate revenues earned from the service, so that while the service is profitable in book terms, it is in fact causing losses.

The last flight in to Zaire will be on July 25 from Gatwick, and the last out will leave Kinshasa on July 28.

The airline estimates that more than £300,000 of its legitimate revenues and profits are locked up in Zaire, because of the refusal of the Government there to grant the necessary facilities to repatriate the money to the U.K.

This cash has been earned from ticket sales in Zaire, less payments made locally for fuel and other station costs, such as wages and salaries to staff. It is the balance left in the kitty that the airline would like to repatriate to the U.K., but cannot.

The airline's view is that it cannot run services on such a basis. Efforts to get the U.K. Government to intervene on its behalf have received little support.

It has decided therefore, that its only course is to end operations in Zaire. After the last flight, the station will be shut, and the local staff dismissed. The U.K. station manager will return to Gatwick, for a new appointment.

Although British Caledonian will not comment officially, it is believed that Zaire is not the only country where it has comparable difficulties. The airline serves a large number of destinations in West Africa and South America.

Police Sergeant Edward Meadows, of Atlanta, Georgia, tries his hand at directing rush-hour traffic in Newcastle-on-Tyne. Sergeant Meadows is one of a party of policemen on exchange from President Carter's home State.

Burton reduces job losses to about 900

BY RHYS DAVID, NORTHERN CORRESPONDENT

REDUNDANCIES in the Burton menswear chain are now expected to be held at about 900, with more than one-third of the job losses coming from voluntary early retirement.

The company is also proposing to offer part-time work to about 270 women cashiers, who will lose their full-time jobs as part of the company's overall plan to restructure its retailing operation.

The new redundancy figures have been worked out in discussions between the company and the Union of Shop Distributive and Allied Workers. According to the union they represent a saving of the equivalent of 293 full-time jobs, compared with the original proposals outlined last month.

Burton, which has also sacked more than 1,400 workers in its tailoring factories because of the decline in demand for made-to-measure suits, said yesterday that it intended to maintain a viable chain of about 400 menswear shops.

A programme of re-siting some shops in secure improved locations and modernisation of other branches, together with merchandising improvements, was to be implemented over the next four years.

Conoco starts Celtic Sea oil search

By Ray Dafter, Energy Correspondent

THE CONOCO exploration group is searching for oil in the Celtic Sea as part of a £10m drilling programme in the area by the offshore industry.

The semi-submersible rig Chris Chenery is to drill a well on block 102/29, about 55 miles south-west of Milford Haven. Conoco, as operator, will be using Celtic Sea Supply Base at Pembroke Dock, as the local centre of operations.

The exploration licence is held by Conoco, British National Oil Corporation and Gulf, each of which has a one-third stake.

Their first appearance in the Celtic Sea marks the beginning of a fresh phase of oil and gas exploration off the Welsh coast. Amoco and Arco intend to join the quest later this summer.

The Government expects four wells to be drilled in the region which has so far proved to be a disappointing exploration zone.

Six of the seven wells so far drilled have failed to find hydrocarbons.

Dr. Dickson Mabon, Minister of State for Energy, said recently that it would take only a measure of success from any one of the future wells to start a much more concerted exploration effort.

Meanwhile, pipeline studies for the big U.K./Norwegian Statfjord Field in the North Sea have begun.

Snamprogetti, of the Italian ENI group, has been commissioned by the Statoil-Mobil Group to study the possible route and construction method of a pipeline from the field to the island of Sotra, in Norway.

Bude area hit by water shortage

BY STUART ALEXANDER

WATER SUPPLIES to homes in the Bude area of Cornwall are slowing to a trickle for two to three hours every evening after only five days of sun.

The localised shortage is blamed on the influx of holidaymakers and residents watering their gardens.

Although there is no widespread shortage in the South West, the water authority claimed last night there was a distribution problem caused by Government curbs on public spending. These had held up work on improving the old water system around Bude.

Demand had shot up reducing supply to a trickle at peak hours, especially to homes on high ground, the authority said, and appealed for restraint by users.

Diamond cheque

ENTERTAINER Neil Diamond and Lord Tavistock will present a cheque to the commanding officer of the 2nd Battalion, Grenadier Guards, and Drum Major Green of Chelsea Barracks to-day, for the Drum Corps' performance on Saturday at Woburn Abbey, where Diamond played to more than 51,000 people.

LABOUR NEWS

Benn says he is not negotiator

By Alan Pike, Labour Staff, in Tynemouth

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, believes that responsibility for solving the coal industry's output problems must remain with the National Coal Board and union leaders in the wake of the blow to productivity hopes delivered by the National Union of Mineworkers' conference this week.

The conference yesterday rejected the principle of pit-based incentive schemes which the Board and moderate union leaders regard as the only hope of reversing a steadily worsening productivity record.

Mr. Benn stressed afterwards that it was not his task to "be a negotiator" on the issue. The union and board must find a way between them of resolving the problems of productivity and of ...

Mr. Benn emphasised that the miners' conference was not, by its vote against productivity schemes, in any sense withdrawing support from the TUC or the Government.

Nonetheless, the NUM decision has wrecked the strategy by which moderate union leaders had hoped to appease demands for big pay increases in the coming year. On the immediate productivity issue the decision has come at a time when a board and NUM working party had almost completed the detailed arrangements for a proposed pit-based incentive scheme and formal negotiations were due to begin.

GRUNWICK: Mr. Ward gives evidence on third day of court hearing as prospect of wider postal dispute recedes

London postmen adopt wait-and-see stance

BY DAVID FREUD

THE IMMEDIATE threat of widespread industrial action by London postmen appeared to have receded yesterday.

The Union of Post Office Workers seemed to have succeeded in containing the dispute at the Cricklewood sorting office in North London, where the Post Office has suspended all the staff for refusing to handle mail from Grunwick.

The union plans to give the men a hardship payment near their normal wages.

Post boxes in NW2 have been sealed and the Post Office has advised people to mail their letters outside the area. The Post Office has also taken steps to stop incoming mail from other areas.

Initial sporadic industrial action in sympathy with the Cricklewood men in branches in West London has died away after appeals by both union headquarters and the Cricklewood branch committee not to take action at present and several large branches which held meetings yesterday decided to adopt a wait-and-see attitude.

A possible future flashpoint will be the West Central branch, which handles a lot of Grunwick's in-going mail. Pressure for blacking this mail is said to be growing among branch members.

Blastfurnacemen vote against Phase Three

THE 16,000-strong National Union of Blastfurnacemen voted at its Blackpool conference yesterday to oppose any renewal of the social contract between the Government and the TUC.

The decision, taken unanimously after a long private debate, supports the present view of the union's executive. But it represents a change of front by this union which backed the first two phases of the social contract.

Moreover, the decision was taken in spite of a strong warning to conference the previous day by Sir Charles Villiers, chairman of the British Steel Corporation, about the desperate financial plight of the industry and the need for a more commercial approach to its problems.

After yesterday's conference decision, Mr. Hector Smith, the blastfurnacemen's general secretary, said: "We want to return to free productivity bargaining. We are alarmed at the losses the Steel Corporation is making, but we will be an important factor in the economic recovery of the industry.

"There must be higher productivity, and we want to produce. But we also want a slice of the cake.

"We are not out for a reckless wage demand, but we want a reasonable understanding that for the work we do, we should not be tied as we have been over wage bargaining."

The blastfurnacemen consider they are in a strong position to negotiate a new productivity deal if they can get clear of the restrictions imposed by national pay policy during the last two years.

There are major developments in their section of the industry at Llanwern, Redcar, Port Talbot and Scunthorpe, involving the investment of hundreds of millions of pounds.

The Steel Corporation is a major State-owned loss-maker heavily dependent on Government subsidies, with a 210,000-strong labour force that it would like to reduce in the interests of efficiency.

But new manning proposals were shelved after a row last year in which Energy Minister Mr. Benn was involved.

Moderating task for NUJ chief

By Pauline Clark, Labour Staff

ONE OF the most difficult tasks ahead for the new general secretary of the 28,000-strong National Union of Journalists will be to keep the peace in a union increasingly afflicted by rivalry between the Left and Right.

In electing the oldest of the six candidates and a moderate, the choice by yesterday's ballot of 51-year-old Mr. Ken Ashton, a former president of the union, and a member since 1948, therefore had a certain logic.

Mr. Ashton, who is at present an NUJ regional organiser in Manchester and a member of the union's industrial council, has a reputation as a conciliator, a patient negotiator and as the sort of man who does his homework.

He lives in the middle class Didsbury district of Manchester, is married with four children—all boys ranging from the age of 11 to 21—and is a gliding enthusiast in his spare time.

Priority

The results of the ballot, which put Mr. Robert Norris second, showed clearly the weight that the voters put on the practical rather than political qualities of the candidates.

Like Mr. Norris, Mr. Ashton places considerable priority on improving conditions for journalists, particularly in the provinces. He recently described their pay as "shockingly low."

His approach to this problem has no doubt been coloured by his long history not only as an active union member and official but also at the typewriter on nine different newspapers including provincial papers ranging from Devon to Glasgow.

Company says it may make contempt move over actions threatening its survival

A WARNING that contempt of court proceedings may be started by strike-torn Grunwick Processing Laboratories was given in the High Court yesterday.

Mr. Mervyn Heald, QC for Grunwick, told the Lord Chief Justice, Lord Widgery, that two particular matters gave cause for concern—the postal situation in regard to Grunwick and the apparent organising of some sort of mass demonstration.

Mr. Heald said that as far as the company was concerned, it must "continue to consider applying for respect of actions which have the effect, if not the purpose, of trying to drive it out of business—to close the business down as soon as possible.

"That is the clearest possible interference with the plaintiff's right to come unhindered to this court to have its rights determined.

"It ought to be made clear that contempt of court can be committed by somebody who is not a party before the court as well as by somebody who is."

Mr. Heald warned the clerical union APEX that if there was any clear indication that any of its officials were concerned in any way in such activities, it made it even more necessary for the company to consider its position in relation to contempt of court.

Pressure

Lord Widgery commented that there was no doubt that it would be contempt of court for anyone to use pressure to prevent anyone else from seeking court orders.

Mr. Heald's warning came at the beginning of the third day of the hearing of Grunwick's claim for an order that the recommendation by the Advisory, Conciliation and Arbitration Service that APEX should be recognised for bargaining purposes by the company is invalid.

Grunwick contends that pressure by the union influenced ACAS to the detriment of the company.

Giving evidence, Mr. George Ward, aged 44, Grunwick's managing director, told Lord Widgery that he set up Grunwick with two men who had photo-finishing experience. In 1967 they started processing colour films and built up a substantial business.

In August last year the company had about 480 employees including a number of temporary workers. "When the trouble started, none to my knowledge was a member of any union."

He was on holiday in Ireland when he received legal advice about taking back people who had been on strike. "I was told we had a choice—either take back all the people who had been on strike or take none of them back. We had no other choice. We had to accept all or none.

Misled

"I was told that if we did not do that we would be held to have unfairly dismissed those we did not take back.

"I considered the company's position with the other directors and it was decided it would be preferable to dismiss all the strike employees, including those who were innocent or had been misled, because if we did not do that we would have to take back those who had been deservedly and rightly dismissed for industrial misconduct."

Mr. Ward said that when he returned from his holiday in September the factory was "in a state of siege." His remaining employees "were very worried because they were subject to harassment, intimidation, and visits to their homes."

No deliveries were being made to the factory by anyone connected with a "unionised company" such as Kodak, Ilford or Agfa, and Grunwick had to find other sources of supply.

"For the past 11 months I have contributed three-quarters of an hour each day to the normal commercial activities of the company. Normally I would spend the entire working day on the company's affairs," Mr. Ward said.

Last September the company had declined ACAS's offer to conciliate in the dispute. "We felt there was nothing which could be done under the legislation which we knew to exist. We either had to dismiss everyone who struck or take them all back."

He had been surprised by the APEX request to ACAS for an inquiry. "I was surprised that the union was unable to accept that their members had behaved disgracefully."

The decision early on of the Post Office workers to interfere with the delivery and collection of the company's mail "cut our jugular vein," said Mr. Ward.

He recalled that High Court proceedings taken by the company against the Union of Post Office Workers and the Post Office had ended with an undertaking by Mr. Tom Jackson, secretary of the union.

Mr. Ward said he had welcomed the ACAS decision to hold a ballot because he did not wish to stand in the way of any company employee wanting to express a view in a legitimate manner.

He had been disturbed when he learned that ACAS intended seeking the views of the sacked workers. "We had discharged these people and we had clearly told them that we would not re-employ any one of them again.

"I have not altered my attitude to this—despite enormous pressure to force me to accept a contrary view. This is the law, as I understand it. It is a lawful dismissal."

Mr. Ward said that he had not deliberately delayed discussion of the questionnaire. He had tried to ascertain whether it would give a valid answer to the question: Did Grunwick's employees wish to be members of APEX?

ACAS had not given the impression that they were in a desperate hurry, said Mr. Ward. He did not accept that he had failed to co-operate or intended preventing ACAS making inquiries among the workers still employed.

Mr. Denis Henry, QC, for ACAS, suggested to Mr. Ward: "It was an urgent matter that the differences between you and your ex-employees should be resolved as soon as possible.

Mr. Ward replied that in the opinion of the company "they had been resolved."

He said that "on legal advice" he had not given ACAS the names and addresses of the employees still working.

Mr. Henry asked how he thought the questionnaire could be carried out without them.

Mr. Ward: It was possible the union had all that information. It could also be obtained from the tax office or the Ministry of Social Security. I was not aware if ACAS could, or could not, do without our assistance.

He said it was not true to say that he had no intention of handing over the list while differences on the questionnaire and other matters between him and ACAS remained unresolved.

Mr. Ward denied that he had not been prepared to have ACAS conciliate in the dispute. Conciliation had not come into it. Grunwick had the choice of either taking the strikers back or dismissing them.

He said that he did not know much about industrial disputes. "I try to avoid them because it depresses me."

Mr. Henry suggested that the real reason Mr. Ward was not seeking conciliation was that he thought he could weather the storm and hold out, but Mr. Ward denied this.

The hearing was adjourned until to-day.

THE JOBS COLUMN

Most down, but engineers up

BY MICHAEL DIXON

A STRANGE sign appears in yesterday's Reward statistics on executive-type employment. It lies in the demand for managerial workers, as represented by vacancies notified to the Government-supported Professional and Executive Recruitment agency.

In the great majority of PER's job categories, the demand during the 12 months from June 1976 through May 1977 is down on that of the previous year. For accountants, general managers, marketing managers, production managers, personnel and industrial relations specialists, and sales and technical representatives the vacancies notified are at their lowest level since PER began to supply the Reward statistics in February 1975.

But the odd thing is that there are three categories in which the demand is booming. It is at an historically high level both for mechanical and for chemical engineers, and vacancies notified for production engineers during the 12 months to May 31 are about 22 per cent. up on those of the previous year.

For mechanical and chemical engineers the main increase is in the south-east, with the only other notable (and far smaller) rise in the northern region. The increase for production engineers, which seems now to be declining again, was more regionally scattered.

The only informed opinion I have gained to date felt we might be seeing the first economic swallow in the form of moves to raise industrial efficiency in face of strengthening order books. "There is a world of difference between the prond courage which dares to fear the worst, and the humbla courage which dares to hope for the best," said the Danish philosopher Kierkegaard. Humility forbids me to say more.

Comparisons

AT LEAST 30 impatient telephone callers will be relieved to see the table alongside, which is the latest of the Jobs Column's four-monthly indications of salary levels. It is compiled from the Reward statistics based on people who registered as job candidates with PER during February-May.

The "all in sample" columns relate to people aged 33-37, with the exception of computer managers (which also covers management services managers) where the age range is 32-36. The total covered by this year's sample is 2,967 people. The total covered by the comparative figures for the corresponding period of 1976 is 3,318.

The last six columns of figures relate solely to the professionally qualified people among the candidates in the particular categories. These cover 702 people in the 1977 period, and 754 in February-May 1976.

The "all in" categories with the smallest number of candidates are physicists with 16, chemical engineers with 11, and economists and statisticians with ten. The three biggest are sales managers with 188, civil engineers with 200, and technical sales reps with 208.

Imagining the people in each category as ranked by salary, the upper quartile figure represents the pay of the person a quarter way down the ranking, the median the pay half-way down, and the lower quartile the pay three-quarters of the way down.

The 30 callers and other people wishing to use the table for personal comparison are warned that it deals solely with the mid-30s age group, and takes no account of regional variances. But the Reward statisticians do recommend ways of compensating for the facts that the PER candidates contain an unusually high proportion of unemployed, and that pay levels vary with size of employer.

Reward suggests that people who are currently working in an international, nationalised or large national concern should add 20 per cent. to the table's figures. Those in a regional company with 80 to 300 salaried staff should add 7 per cent. Those in concerns other than professional partnerships with fewer than 80 salaried staff should add 4 per cent.

Latest salary indicators

Age group 33-37 (except * = 32-36)	All in sample: Lower quartile £	(1976) £	Median £	(1976) £	Upper quartile £	(1976) £	Professionally qualified only: Lower quartile £	(1976) £	Median £	(1976) £	Upper quartile £	(1976) £
General managers	5,000	(4,700)	6,250	(6,000)	7,700	(7,250)	5,875	(5,200)	6,800	(6,800)	9,500	(8,200)
Administration managers	3,575	(3,000)	4,000	(3,800)	5,250	(4,750)	—	—	—	—	—	—
Company secretaries	4,000	(4,000)	5,100	(4,800)	5,875	(6,000)	4,050	(4,300)	5,100	(5,000)	6,000	(6,050)
Accountants	4,000	(3,500)	4,800	(4,250)	5,800	(5,500)	4,075	(4,000)	5,325	(4,850)	6,425	(6,000)
Cost accountants	3,987	(3,350)	4,500	(4,000)	5,412	(5,000)	4,500	(4,000)	5,225	(4,550)	6,000	(6,000)
Computer managers*	4,650	(4,000)	5,500	(5,100)	6,500	(6,400)	5,812	(5,700)	6,400	(6,000)	7,662	(7,000)
Systems analysts	3,900	(3,500)	4,250	(4,300)	5,200	(5,050)	—	—	—	—	—	—
Programmers	3,050	(3,000)	3,650	(3,500)	4,200	(4,200)	—	—	—	—	—	—
O&M/work-study officers	3,725	(3,400)	4,000	(3,750)	4,800	(4,200)	3,962	(3,450)	4,425	(4,000)	4,825	(5,000)
Personnel staff and managers	3,500	(3,650)	4,625	(4,400)	5,800	(5,200)	5,000	(4,600)	5,725	(5,400)	6,725	(6,000)
Training staff and managers	3,962	(3,500)	4,350	(3,900)	5,787	(5,000)	—	—	—	—	—	—
PR officers and managers	3,412	(3,300)	4,050	(3,500)	4,812	(4,500)	—	—	—	—	—	—
Marketing managers	5,000	(4,650)	6,000	(5,600)	7,000	(6,500)	5,000	(4,500)	6,000	(6,000)	7,325	(7,000)
Sales managers	4,000	(3,650)	4,875	(4,500)	5,762	(5,250)	—	—	—	—	—	—
Sales office managers	3,475	(2,800)	3,800	(3,500)	4,150	(4,150)	—	—	—	—	—	—
Sales representatives	3,200	(2,800)	3,500	(3,250)	4,400	(4,000)	—	—	—	—	—	—
Technical sales reps	3,250	(3,000)	3,900	(3,450)	4,500	(3,900)	—	—	—	—	—	—
Retail management	3,500	(3,000)	4,000	(3,500)	4,900	(4,500)	—	—	—	—	—	—
Production managers—engineering	4,000	(3,700)	4,500	(4,200)	5,000	(4,750)	4,400	(4,200)	4,950	(4,500)	5,500	(5,150
Production managers—non-engineering	3,800	(3,500)	4,325	(3,900)	5,250	(4,500)	4,425	(3,500)	5,500	(4,150)	6,200	(5,100
Production engineers	3,900	(3,600)	4,225	(4,000)	4,712	(4,300)	4,200	(3,550)	4,525	(3,800)	5,000	(4,150
Mechanical engineers	4,000	(3,500)	4,400	(4,000)	5,100	(4,500)	4,000	(3,800)	4,500	(4,150)	5,275	(4,850
Electrical engineers	4,000	(3,500)	4,700	(4,000)	5,500	(4,600)	4,300	(3,350)	4,900	(4,000)	5,750	(4,850
Chemical engineers	4,400	(3,650)	5,050	(4,750)	5,650	(6,750)	—	—	—	—	—	—
Draughtsmen (design)	3,400	(3,000)	3,800	(3,500)	4,400	(3,800)	3,600	(3,250)	4,200	(3,500)	4,550	(4,000
Civil engineers	3,900	(3,500)	4,500	(4,000)	5,200	(5,800)	4,250	(4,300)	5,200	(5,000)	5,800	(5,500
Engineering technicians	3,500	(3,250)	4,000	(3,700)	4,500	(4,200)	3,550	(3,500)	4,000	(3,800)	4,500	(4,400
Quantity surveyors	4,325	(3,700)	4,550	(4,050)	5,350	(4,300)	—	—	—	—	—	—
Chemists	3,450	(3,300)	4,000	(3,800)	4,600	(4,350)	3,500	(3,300)	4,000	(4,150)	4,600	(4,400
Economists & statisticians	3,337	(2,500)	4,525	(3,950)	5,825	(4,600)	—	—	—	—	—	—
Metallurgists	3,925	(3,000)	4,350	(3,950)	5,575	(4,250)	—	—	—	—	—	—
Physicists	3,825	(3,000)	4,675	(4,650)	5,237	(5,200)	—	—	—	—	—	—
Distribution managers	3,425	(3,150)	3,900	(3,850)	4,500	(4,300)	—	—	—	—	—	—
Purchasing staff & managers	3,375	(3,000)	3,900	(3,500)	4,750	(4,000)	2,700	(3,500)	4,000	(3,800)	5,025	(4,000

C&L

Wiltshire c £12,000 + car

GENERAL MANAGER–FINANCE

Consumer Projects

This well managed and soundly financed company has achieved undisputed market leadership in its particular field through lively and innovative marketing backed by effective and thoroughly professional supporting services.

Profits have been consistently good and the company is expanding rapidly.

Planning and control systems and the accounting functions are in good shape. The emphasis needed now is on bringing a shrewd, searching, profit-orientated mind to bear on all financial aspects of the business as well as directing the overall accounting effort.

Applications are invited from men or women aged from 35. Substantial post-qualifying experience in industry is required.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

E. J. Robins, The Executive Selection Division – MF843
Coopers & Lybrand Associates Ltd., Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

TAX SPECIALIST

McKENNA & CO.

require a specialist in corporate and other tax matters. Applicants should have at least three years' experience and preferably have legal qualifications, but Chartered Accountants or Inspectors of Taxes will also be considered.

Responsible post with excellent prospects.

Salary commensurate with ability and experience.

Please reply to:
McKenna & Co. (Ref. PHL)
12 Whitehall, London SW1A 2DZ

EVANS EMPLOYMENT AGENCY LTD.

will welcome your enquiries in strict confidence about positions in

STOCKBROKING AND BANKING

15, Copthall Avenue, London EC2R 7BT. 01-628 0985

DIRECTOR OF FINANCE

London based

£13,000 + p.a.

The National Bus Company, a publicly-owned enterprise, operating some 20,000 buses and coaches in England and Wales, with an annual turnover of over £360m, seeks to recruit a Chief Financial Officer of the Company who will have the additional responsibilities of Executive Director of Finance of the NBC organisation.

Reporting to the Chief Executive, the post involves responsibility for the financial affairs of the entire group of some 40 companies and management participation at subsidiary and associated company and at main Board levels. It demands a wide experience of financial techniques, management skill, forward thinking and an ability to communicate.

The post is based in London but some minor travelling is involved. There is a contributory pension scheme.

Suitable applicants will be qualified accountants, possessing at least 10 years' financial and management experience with large organisations.

Full details of age, qualifications, experience and current salary should be sent to Mr Robert Brook, Chief Executive, National Bus Company, 25 New Street Square, London EC4A 3AP as soon as possible, but in any event by not later than 18 July 1977.

NATIONAL

ACCOUNTANT

BUDGETING AND LONG RANGE PLANNING

c. £6,000

From September this year, the head office of Rockware Glass, a major producer of glass containers, will be located in Northampton, an expanding town with pleasant residential areas in the surrounding countryside. The move from London has created an important opening for a qualified ACMA with at least one or two years' experience of budget preparation and control and some knowledge of, and interest in, long range planning techniques.

Rockware's Finance Division prides itself on the ability of its senior accountants to work closely together with directors and senior line management in all areas — production, purchasing, marketing, central planning and personnel — to set profit targets and evaluate alternative strategies.

We are seeking a mature personality, an analytical mind, an imaginative approach to the gathering and presentation of information and last but not least a hard worker who is willing, with the help of a trainee accountant, to handle a lot of data and to turn it into meaningful reports.

The successful applicant, male or female, will report to the Chief Management Accountant and will be well placed to move into positions offering different experience and greater seniority as the Rockware Group expands its activities at home and overseas.

Salary as indicated plus the usual range of large company benefits. Please write or telephone for an application form to: Mrs. Bridget Farrands, Recruitment Manager, Rockware Glass Limited, Rockware Avenue, Greenford, Middlesex, UB6 0AQ. Telephone 01-578 4353.

ROCKWARE

Internal Auditor–Hong Kong

circa £12,500 + accommodation

Hong Kong Telephone Company Limited wish to recruit an Internal Auditor who will be based in Hong Kong and who in conjunction with the Chief Accountant will ensure that the company accounting practices are compatible with the requirements of Shareholders, Directors, Management and Company Auditors.

The Internal Auditor will report to the General Manager and be responsible for:-

- devising and implementing systems to safeguard the assets of the company.
- computer audit including the use and control of test packages.

The appointment will appeal to qualified accountants who have already had experience in the internal audit function of a large industrial or commercial company. Age is not a critical factor, but it is unlikely that candidates aged less than 30 years or earning less than £7,500 pa will have the necessary experience to discharge the responsibilities envisaged.

The successful candidate will have knowledge and experience of computer based accounting systems, the ability to analyse problems quickly and methodically and to present conclusions and recommendations convincingly and succinctly to senior management.

Commencing salary will be negotiated in the region of £12,500 pa and free accommodation will be provided. A two year renewable contract will be offered and if appropriate, assistance will be provided for childrens education.

Candidates, male or female, should write for a personal history form, quoting reference MCS/1949 to Ashley S Phoenix, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Capital Equipment Leasing

c.£8,000

A dynamic worldwide corporation achieving significant growth and profit offers a route into general management to a mobile high-flier capable of leading its expansion in South America.

Your task will be to close major contracts personally, to create competitive leasing plans and to maximise market penetration in South America by expanding a network of agents. You must show a record of commercial leadership and successes abroad achieved through an assured top level sales personality backed by shipping, financial and marketing expertise. Age 30–40. Spanish/Portuguese speaker preferred. Bonus and car in a London based organisation, which is a technical leader in its specialist field.

Applicants, male or female, should write with brief career and personal details quoting reference: 1536/PK/FT to:

Robert Lee International

24 BERKELEY SQUARE, LONDON W1X 5AR.

Our client, a leading German bank located in Frankfurt/Main, wishes to strengthen its continuously expanding Foreign Exchange Department and is seeking qualified candidates for the position of

Chief Dealer

Foreign Exchange and Money

The ideal candidate should be a highly competent professional of recognized stature and with a proven record of success. The successful applicant can take up his/her duties immediately or at a later to be agreed upon date. The willingness to acquire a good knowledge of the German language is essential.

This is a career position with a competitive salary package plus a pension scheme and other fringe benefits.

Interested applicants are invited to submit their resumés in confidence to

Charles Barker GmbH

Management Selection International
Kettenhofweg 137 · 6000 Frankfurt am Main · West Germany
Tel.: (0611) 74 90 74

Jonathan Wren Banking Appointments

The personnel consultancy dealing exclusively with the banking profession.

BANK ACCOUNTANT MIDDLE-EAST Neg. to £12,000

Our client, an international bank with interests in both merchant and commercial banking, is currently expanding an established network of branches in the Middle-East and now seeks to fill the post of Accountant at a major installation in the Gulf area. The appointment entails responsibility for branch Accounting and Administration.

Applicants should be experienced international bankers in the approximate age range 28/35, with proven management ability within bank accounting and operations.

A tax-free salary of up to £12,000 is negotiable, with the usual range of benefits associated with expatriate banking appointments.

Contact: KENNETH ANDERSON

BANKING CLERK c. £4,500

A prominent consortium bank has a vacancy for a Banking Clerk whose main responsibilities will be the supervision of the Messengers, Clerical, Cashiering, Telex and Switchboard operations.

Candidates, aged over 25 years, must be of the highest integrity and be specially well-versed in staff supervision, cashiering, Sterling and foreign exchange, securities and travel facilities.

Salary will be commensurate with experience, up to £4,500 p.a. Benefits include non-contributory pension scheme with life assurance benefit, house purchase loan scheme, rail season ticket loan scheme and luncheon vouchers.

Contact: MIKE POPE

Jonathan Wren & Co Ltd, 170 Bishopsgate, London EC2M 4LX 01-623 1266

CENTRAL ELECTRICITY GENERATING BOARD GUILDFORD

Appointment of Divisional Finance Officer

Applications are invited from suitably qualified accountai with wide experience of Management Accounting and appreciation of Computer Techniques.

Tha Division is responsible for the Development a Construction of the Board's Main Transmission Syste Control and Telecommunication Systems and Main C Turbine Power Statioos. It also manages the National To Testing Station and provides specialist services to Regio and other Boards within the Electricity Supply Indust Annual turnover on capital and revenue account is curren in the order of £100m.

The Finance Branch is part of the Commercial Departme and the Divisional Finance Officer reports directly to t Commercial Manager. He is part of the Management tea and is expected to participate in decisinn-making beyond t pure accountancy function. The work includes financ control of construction and development projects, preparati and control of capital and revenue budgets, preparation the Division's accounts and reports, Payroll and Sup annuation Scheme administration; cost investigation a Company financial health monitoring. The Divisional Finan Officer also prepares accounts and reports for the Nation Tower Testing Station and is a member of its Manageme Committee.

The salary will be within range £7,800 to £10,160 per anno plus supplements of £520 per annum where applicable.

Applications stating age, qualifications, experience, prese position and salary should be forwarded to the Manag Personnel and Administration, Burymead House, Portsmou Road, Guildford, Surrey GU2 5BN, to arrive not later th 26th July, 1977.

Please mark envelopes "Confidential" and quote referen FT/21.

هكذا من الأصل

A leading city merchant bank has the following vacancies

Accountant Unit Trusts

A qualified and experienced accountant is needed to join the expanding unit and investment trust department.

You will be entirely responsible for the overall administration, which includes the production of reports and accounts, distribution statements and overall accounts for several management companies. Your experience will include practical knowledge of unit trust matters and of the role of the company secretary. This is a managerial appointment, and you will have staff reporting to you.

Property Administrator

A young property administrator is required to be responsible for administering clients' properties and in particular arranging for collection of rent, insurance matters and completion work relating to purchases and sale. You should be under 35 and have all-round experience of property administration in a merchant bank, investment house, property company or chartered surveyors.

Unit Trust Administrator

A young person with considerable experience of securities administration is required. This may have been gained in a bank, investment house or stockbrokers. Practical experience of unit trusts and their workings would be particularly valuable.

All these posts command attractive salaries and a comprehensive range of fringe benefits.

Please send a detailed curriculum vitae including details of present salary in confidence to Ivan D. Cann, Foster Turner & Benson, Chancery House, Chancery Lane, London WC2A 1QU, marking your letter FT7 and stating any Company to which you do not wish your application forwarded.

Foster Turner & Benson Recruitment Advertising

INTERNATIONAL BANK ACCOUNTING

c.£3,500

Our Client is a relatively small but a very well established and steadily developing, International Bank.

Probably in your early 20's, you should have some knowledge of either Nostro Recs, Bank of England Returns, Reports to the Federal Reserve, Management Statistics or Interest Accruals . . . but the accent is on your being able to work with only limited supervision.

There are excellent prospects for the future and an attractive range of fringe benefits.

To discuss the matter in more details Telephone John Chiverton, A.I.B. on 495 7711

DAVID WHITE ASSOCIATES LTD.

COMMODITY APPOINTMENTS

International Recruitment Specialists for the Commodity Markets

On behalf of clients we require Traders (Physicals & Futures), Commodity Executives, Accountants, Back-up Clerks, Trainee Traders. For U.K., U.S.A. & Hong Kong.

01-439 1701

Corporate Lending

Bank of America NT & SA invites applications from men and women for positions in the Bank's Europe, Middle East and Africa Division.

Applicants must have a strong background in financial analysis or accounting with a minimum of three years lending experience in wholesale banking or a related profession. Demonstrated negotiating skill and client handling ability are essential. Though the initial assignment will be in London, successful candidates will be internationally mobile and have a good command of one or more foreign languages.

Responsibilities will include negotiating new lending agreements over a wide geographic area and servicing the client over the period of the loan.

Attractive salaries will be offered reflecting experience, and benefits are in line with best banking practice.

Please write with full career details, in complete confidence, to: Assistant Vice President—Recruitment,

BANK OF AMERICA NT & SA
25 Cannon Street, London EC4P 4HN.

Financial Director

£10,000 + CAR

Our client is a profitable, private group of companies employing 2,500 people, is located in the East Midlands and continues to expand.

The need therefore exists within its major Knitwear Division for a Financial Director who, responsible to the Divisional Managing Director, will assume control of the entire accounting function and financial management of the Division.

Candidates, male or female, must therefore be qualified accountants used to controlling such a range of activities, and be familiar with most modern techniques associated with an advanced and tightly controlled organisation. Substantial clothing industry experience is regarded as essential.

The rewards are excellent and in addition to the salary of up to £10,000, there is a company car, a non-contributory pension scheme, life assurance benefits, BUPA and relocation costs where appropriate.

Please write with fullest details to John Anderson indicating any companies to which those details should not be shown.

John Anderson & Associates
Norfolk House, Smallbrook Queensway, Birmingham B5 4LH.

Stewart Wrightson

International Insurance Brokers

MONEY MANAGER

AT LEAST £7,500

Stewart Wrightson is a major Lloyd's broker with offices throughout the world. Pre-tax profits in 1976 were almost £9 million.

The group wishes to appoint a Money Manager, who will be responsible to the Group Financial Director for the management of its liquid resources in the UK.

These funds will shortly be held in eight currencies, but sterling and dollars are expected to remain of greatest importance. The Money Manager's tasks will include:

1. Close liaison with the principal operating groups within Stewart Wrightson in order to establish the funds available.
2. The investment of these funds in appropriate short term markets.
3. Monitoring exchange rate movements in order to maximise the sterling value of the group's own funds.
4. Developing contacts with banks, discount houses, etc., to establish an information base.
5. Monitoring the group's cash flow.

The work will require a constructive and creative approach to short term investment management within the special constraints of the Lloyd's broking industry and should appeal to an economics graduate with 3-4 years' experience in the investment field. Knowledge of foreign exchange markets would be an advantage.

Salary: At least £7,500 p.a. with free life assurance and a non-contributory pension scheme.

Preferred age: About 30 years.

Please write, giving brief career details to:
K C F Lathiope, Personnel Director,
Stewart Wrightson Ltd, 1 Camomile Street, London EC3A 7HJ

International Bank Auditors City

Our client, a leading international bank, needs capable men and women to strengthen an expanding Audit Division, covering the UK, Europe, the Middle East, and Africa.

With at least 2 years' international bank auditing experience, you should have a sound knowledge of EDP and accountancy qualifications would be an advantage.

There will be plenty of opportunity for individual career development, and competitive salaries, negotiable according to experience, will be supported by a full range of benefits, which includes a generous travel allowance, subsidised mortgage facilities, and a profit sharing scheme.

Please write, with full details and in the strictest confidence quoting ref. IB/182/FT, to: N.S. Holder at the address below. List separately any companies to which your application should not be forwarded. All replies will be answered.

B&B CONFIDENTIAL REPLY SERVICE
Benton & Bowles Recruitment Limited, 197 Knightsbridge, London SW7.

Divisional Chairman

c £17,500

B. Elliott & Company Limited, a leading machine tool group, seeks a Divisional Chairman for its Foundry, General Engineering and Sheet Metal Companies which form an autonomous division supplying a wide range of customers at home and overseas. Each company in the division is headed by a Managing Director reporting directly to the Divisional Chairman. A major foundry expansion is planned and there is considerable potential for additional future growth. Strong financial resources are available.

The appointment calls for a graduate or chartered engineer with considerable marketing experience and a successful track record at the helm of an autonomous unit or group of companies. Some foundry experience and the all-round ability to stimulate expansion and sound growth is essential. Success in this position will almost certainly lead to an invitation to join the Holding Company Board.

Remuneration by salary and profit incentive. Benefits include car, non-contributory pension and life assurance scheme and relocation expenses to Leicestershire where the appointment is based.

Confidential applications are invited from both men and women and should be addressed to:
Mr. L. E. STRANGE
Director
B. ELLIOTT & CO. LTD.
BEC House, Victoria Road, London NW10 6NY

Business Development Manager

A major industrial public company with a market capitalisation in excess of £75m and an excellent growth record—achieved both organically and through acquisition—wishes to appoint a UK Business Development Manager at its London headquarters.

The applicant will probably be in his/her late 20's or early 30's and will have worked for either a major merchant bank or an industrial group and have gained experience in analysing the financial strengths and weaknesses of substantial businesses.

Self-motivation and a capacity to gain acceptance at the highest levels are considered important qualities. Good existing relationships with City institutions would be helpful.

Substantial remuneration by negotiation, with a car and other excellent benefits.

Apply Box No: A6006, The Financial Times Ltd, Bracken House, 10 Cannon St, London EC4P 4BY.

Manager-Loan Portfolio

£10,000—£12,000

Our client, an established merchant bank in London, wishes to appoint a Loan Portfolio Manager. Responsible for the analytical and control work relating to a £100 million loan portfolio the person appointed must be able to co-ordinate a number of internal and external reports. The incumbent will supervise 5-6 personnel in the lending and/or credit analysis section, and must be able to teach and guide subordinates.

The ideal applicant will possess an organised analytical mind and be experienced in the internal bank work relating to the analysis of credits. Applicants (male or female) should have ten years' bank/credit experience or hold a BA/MBA and at least five years' lending experience, ideally with some property lending exposure.

Please write, in the first instance, quoting Ref. FT/86, giving full details of salary and career to date and listing any companies to whom you do not wish your details forwarded to Peter Phillips, Riley Management Selection (Services) Limited, Old Court House, Old Court Place, Kensington, London W8 4PD.

Riley

LAURIE, MILBANK & CO.
require the following staff:

PRIVATE CLIENTS DEPARTMENT
Young Partners' Assistant
Some knowledge of Stockbroking essential.
Promotion prospects from this position good.

FIXED INTEREST SALESPERSON
Young man or woman to work with Department Manager. Some knowledge of Fixed Interest Market essential.

Telephone or write to:—
A. J. Trustram Eve, c/o Laurie, Milbank & Co., 36 Coleman Street, London EC2R 5AJ. Telephone: 01-606 6622.

CREDIT ANALYST required for U.S. Bankers. Aged 24-28. Excellent opportunity for career advancement in Marketing. Salary commencing c. £5,000 plus usual fringe benefits. Telephone Lee Personnel 01 409 1944

DRAKE ACCOUNTING. Excellent opportunities in Profession and Commerce. First class clients await applications from part and fully qualified people at all levels. Ring Bob Miles for an immediate interview on 01-628 2691

West London Documentary Credits Department

Our client, a young internationally known Company, is involved in the provision of procurement and marketing of a wide range of commodities, mainly to Africa. They are expanding rapidly and seek to recruit the following people for their new offices.

Documentary Manager

£6000-£8000

To be responsible to the Board of Directors for all export documentation, letters of credit, Bank of England regulations, exchange control and the general administration of the Department. You will have had managerial experience, at a high level, in the Documentary Credits section of a bank, or similar.

Documentary Assistant

£4500-£6000

To be responsible to the Documentary Manager for interpreting letters of credit, export documentation etc. You should have considerable experience in these areas either in a similar position or in the documentary credits section of a bank.

Both positions involve some travel, and a knowledge of French and/or Spanish will be an advantage.

Please telephone Judith Wood (01) 235 7030 Ext 238

PER PROFESSIONAL and EXECUTIVE RECRUITMENT

These vacancies are open to male or female candidates.

Financial Controller (UK)

Essex/Kent Border — c. £7,500 plus car(s)

The transport services subsidiary of a major U.K. group seeks a Controller. This is a total modern controllership, with minor exceptions. There is considerable scope to improve operating efficiency and bottom-line profit. Existing staff (and EDP) support is good. Salary will be augmented by a company car and "leased" car tax free if required. Candidates should be Chartered Accountants aged 27 or over. Essential recent experience is (a) the preparation of statutory accounts and (b) performance reporting and control in a reasonably advanced environment. The company is a recent group acquisition so it is not yet possible to forecast movement to the parent company. However, planned local growth should provide more than enough in the way of prospects!

For a fuller job description write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 795/FT.

JC&P

AN INTERNATIONAL OIL TRADING COMPANY

(Headquartered in Bermuda)
is seeking a recently qualified

ACCOUNTANT

Primary responsibility will be the maintenance of all accounting records and the timely preparation of monthly financial statements and management reports for the Company and certain of its affiliates, working under the direct supervision of the Controller.

The Company is a wholly-owned subsidiary of a large U.S. Corporation and offers good career possibilities for the individual with the necessary professional qualifications and willingness to work. The successful candidate will be capable of working on his or her own initiative and should have the highest personal and previous employment references.

Please submit c.v. including salary history marked "Confidential." to:
CONTROLLER
Holborn Oil Company Limited
P.O. Box 1848
Hamilton 5
Bermuda

with a copy to:
Mr. John Abbott
Coastal States Petroleum (U.K.) Ltd.
73 Brook Street
London W1Y 1YE.

c £9,000 plus

Area Officers

EUROPE, MIDDLE EAST AND AFRICA
Banking

Qualified Bankers or Graduates with minimum three years general banking experience. Age 25-35. Males or females. Self-starters who are articulate, presentable, analytical and who have business acumen. Languages and international experience desirable but not essential. Extensive travel. Career opportunity with International Bank and excellent fringe benefits which include Pension/Life cover, BUPA and relocation expenses.

Suitably qualified candidates please phone 01-493 7117 for application form quoting MRD 7057 (24 hour answering service).

MRD
Management Recruitment Division
BOYDEN INTERNATIONAL LTD.
11/15 ARLINGTON STREET, LONDON SW1A 1RD.
LONDON, PARIS, BRUSSELS, GENEVA, ROME, MILAN, MADRID, BARCELONA, TOKYO, HONG KONG, CARACAS, MEXICO CITY, SAO PAULO, AUCKLAND, MELBOURNE, SYDNEY, JOHANNESBURG AND THROUGHOUT THE USA.

npi

Investment Analyst

LONDON

National Provident, a leading mutual life assurance company, has a vacancy for an analyst/trainee analyst with up to three years experience. The appointment is progressive and will provide the successful applicant with a first class career opportunity.

Salary will be commensurate with experience. Please apply in writing, giving career details to date to:

W. Kingston, Personnel Manager,
National Provident Institution,
48 Gracechurch Street, London EC3P 3HH.

The Life Assurance Company

INVESTMENT ASSISTANT

An Assistant is required to be involved in all aspects of our Investment Department. The successful applicant, aged 23-35, would be expected to formulate his/her own views on both fixed interest and equity problems. Salary would be commensurate with qualifications and experience.

Replies in strictest confidence to the Investment Partner,
R. NIVISON & CO.,
25 Austin Friars, London EC2N 2JB.

Management Accounting

LONDON W1 — **around £8,000 plus car privilege**

We seek two qualified accountants 28 or over with first class (but dissimilar) industrial experience. One of them, who will specialise in total financial performance reporting, needs relevant experience gained in a multi-national, multilocation environment with sophisticated plans, budgets and control systems. The other will review a massive UK and Overseas expense budget, involving considerable and sensitive exposure to top management. Experience of budget development, negotiation and constructive analysis in a similar environment is the prime requirement. Our client is a multi-national Marketing Division of a British manufacturer with a ten-figure turnover. Both vacancies are on the London based Overseas Controller's staff, reporting to a specialist Assistant Controller. Prospects could extend to the parent group. Full Relocation expenses. Other benefits are above average.

Please write to Brian H. Mason at John Courtis and Partners Limited, Selection Consultants, 78 Wigmore Street, London W1H 9DQ quoting reference 9614/FT and demonstrating your relevance explicitly. (If G.P.O. strikebound, telephone 01-486 7442.)

JC&P

Rapidly expanding international company with European Headquarters in

PARIS

is creating the position of:

TREASURER EUROPE

The selected candidate will have full responsability for:
- Relations with bankers.
- Funding and banking strategies.
- Foreign currency management.
- Credit control and collection.

We are looking for an individual who can work on own initiative.

He should have extensive experience in international currency management, including hedging of exposures, credit control and financing and should have worked at a senior level for 5 to 8 years in the Treasury Department of an international company.

Knowledge of English essential.

Please send your resume, photo, current earnings quoting reference N 107 to Mr. DEMAZURE 149, rue St. Honoré - 75001 PARIS

AUDIT PARTNER (DESIGNATE)

West End. — **Initially to £12,000**

The concept of providing a comprehensive financial service has resulted in our client's continuous and rapid expansion over the last ten years. As a result they now seek to recruit a partner designate to control the overall quality of audit services provided, being responsible for both professional standards and client relationships.

Candidates, male or female, should have sound technical experience at either partner or manager levels within a large or medium sized firm. Good organisational abilities and commercial flair are essential prerequisites.

This is a senior appointment resulting in advancement to partnership after a brief introductory period. Earnings of £14,000-£15,000 can be anticipated in the short term.

For detailed information contact Trevor Atkinson, A.C.A. quoting ref: 1863.

Douglas Llembias Associates Ltd.,
410, Strand, London WC2R 0LS.
Telephone: 01-836 9501.
121 St. Vincent Street, Glasgow G2 5HW.
Telephone: 041-226 3101.
and in Edinburgh.

INTERNATIONAL CASH MANAGEMENT

A major international oil company is seeking a young professional for its London Treasury Department to assist in the management of its European cash resources. The job involves refining and improving of cash management systems primarily in ten countries, cash balance optimization, monitoring and improvement of cash forecasting techniques, and a varying degree of involvement in many other areas including foreign exchange. Up to 15% foreign travel will be necessary.

Candidates should have appropriate experience either in banking or a multi-national corporation and should hold an MBA or accounting qualification.

The successful candidate will join a young and highly qualified Treasury team, in an environment offering many opportunities for career progression.

Salary is negotiable and will be in keeping with the qualifications and experience of the successful candidate.

Please apply to:
Clare Hill,
Advisor—Personnel,
GULF OIL COMPANY
EASTERN HEMISPHERE,
Gulf House,
2 Portman Street,
London W1H 0AN
Telephone 01-493 8040

Gulf

BURGE & CO.

Institutional Partner requires assistant to work within expanding team. Some corporate experience would be useful although not essential. Salary for this challenging position will be commensurate with experience and ability.

For further details
Ring R. E. Colin-Jones 01-606 4020
or write 25 Worship Street, London, EC2.

WHICH NEWSPAPER HAS WON THE QUEEN'S AWARD FOR EXPORT ACHIEVEMENT TWICE?

—THE FINANCIAL TIMES

The Financial Times is expanding its advertisement sales team again. We want additional people to represent the Financial Times in the U.K., with opportunities for overseas travel.

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PARLIAMENT and POLITICS

EEC elections date in doubt

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN admitted in the Commons yesterday that his "best endeavours" might not be enough to secure direct elections to the European Assembly before 1979. Even then, he hinted on the first day's debate on the Government's bill, a guillotine might be needed.

"There are peculiar difficulties about this Parliament," the Prime Minister reflected moodily—and they were all on display yesterday.

Mr. Merlyn Rees, Home Secretary, introduced the legislation with the necessary obeisance to the Liberals: "The Government recommends acceptance of the regional list system," he declared. "We are in Europe to stay," he added firmly. "And it is time this House put its mind to it."

Try as Mr. John Davies, shadow Foreign Secretary, might, however, he could not understand the Bill's provisions. Five times Mr. Rees explained them—but confusion still hung over the Tory front bench.

"Is this an extended Question Time or a debate?" Mr. Eric Heffer asked the Speaker as the exchanges volleyed back and forth across the Despatch Box.

Having dallied at length, Mr. Davies got into his stride by administering an "um, er, severe reprimand" on the Government for its tardiness over the legislation.

The Tories were waiting, on a three-line whip, to vote "as unanimously as they can" for direct elections, he declared. A profound study had revealed no Government procrastination elsewhere in Europe.

"We have democracy here," Mr. Heffer shouted—and Mr. Callaghan heaved an echoing sigh. "If there is one thing I cannot do, it is to command the votes in this House as others seem to do in theirs," he said enviously.

Mr. Davies might believe the Government was engaged in political manoeuvring. The Prime Minister called it the "process of getting people to understand the necessity for this legislation." Judging from the interventions, the educational programme has had little success.

Mr. Nigel Spearing (Lab., Newham S) and Mr. Neil Marten (C., Banbury) could see no reason for the Bill at all except as a step towards a federal Europe. And Mr. David Price (C., Eastleigh) protested that his Hampshire people did not want to join Essex in voting.

There was hysterical laughter when Mr. Rees repeated that the legislation was very simply and clearly understood but that there were 635 views of every clause.

Mr. John Mendelson (Lab., Penistone) warned heavily that the French Third Republic and the German Weimar Republic had both fallen because of such a voting system.

Mr. Alex Lyon (Lab., York) understood that it was possible for a candidate to win a seat without gaining any votes; while Mr. Tim Renton (C., Mid-Sussex) learned that the individual candidate with the most votes might not be elected.

Mr. David Steel, the Liberal leader, excited by the prospect of a nine-state Parliament, airily dismissed this "undue incomprehension." But the legislation is obviously going to be fogged in it for some time to come.

Time needed to decide poll system—Callaghan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DOUBTS ABOUT the possibility of Britain meeting the target date of May/June next year for direct elections to the European Parliament were voiced in the Commons yesterday by the Prime Minister as the House started its two-day second reading debate on the European Assembly Elections Bill.

Mr. Callaghan, who was intervening in the opening speech of Mr. John Davies, shadow Foreign Secretary, also hinted that the Government would be prepared at a later stage to introduce the guillotine in order to get legislation on direct elections through the House.

Under attack from Mr. Davies for delay and prevarication in introducing the Bill, Mr. Callaghan repeated that he had always told our Common Market partners that the British Government would use its best endeavours to meet the target date.

He emphasised that he had always impressed on them that if Parliament opted for the first-past-the-post method instead of the regional list system, then the Boundary Commissioners would have to be consulted, and this would take time.

"It might make it impossible for us to make 1978," he added. "It won't be the end of the world if it is not 1978. I have always said to our colleagues on the Continent that it might have to be 1979."

The fundamental issue was between the regional list and first-past-the-post. But we should not tie ourselves to any one system just because we were trying to beat the 1978 target. We should not allow that to rule out the adoption of the alternative system of election.

Replying to Mr. Davies's strictures about delays in introducing the Bill, Mr. Callaghan said amid laughter that this had been part of the process of getting people to understand the necessity for the legislation. Persuasion was part of democracy.

Significantly he added: "I begin to despair of any constitutional change, whether it be devolution, reform of the House of Lords or direct elections ever being got through this House, unless there is a guillotine."

Rees firmly told Labour anti-Marketeers: "We are in Europe to stay, and it is time this House put its mind to it."

Mr. Rees also seemed to be keeping open the option of a guillotine when Mr. Eric Heffer (Lab., Walton) asked for an assurance that at no time during the passage of the Bill would there be an attempt to bring in a timetable motion.

Cautiously, Mr. Rees replied: "I think on that issue it would be just as well to wait and see where we get on this Bill."

The Home Secretary also spoke at length on the unusual structure of the Bill, which has the regional list system of proportional representation as its first choice, with the traditional first-past-the-post method as an alternative, if necessary.

"I want to emphasise that our support for the proportional representation system can only extend to this particular election to this particular body," he said. "Although the European Community intends to move towards a common electoral system for all member States, this is likely to take some time."

Mr. Rees faced considerable argument from the Tories that the first-past-the-post system was not really a valid alternative because it would involve delays with the Boundary Commissioners and Britain would not be able to adopt the system in time.

Some Tories suggested that the commissioners should examine the matter before the Bill was finally approved by the House. But the Home Secretary objected that this would represent a profound change in procedure. Arguments in its favour could be put forward, but the House did not take kindly to interference with well-tried procedures.

A great part of Mr. Rees's speech was taken up in praising the regional list system—despite claims by the Conservatives that the Government had only adopted this method in order to appease the Liberals.

Mr. Rees said that it would mean the British delegation to the European Parliament would be more representative of electoral opinion than if would under the simple majority method.

If the simple majority was used, it would exaggerate the swings in electoral opinion. This would result in such wide divergence between the make-up of the parties at Westminster and those represented in the European Parliament that there would be real danger of friction between the two.

There were considerable objections from backbenchers about the intricacies of the proposed method.

Mr. David Price (C., Eastleigh) complained that it would mean that his constituents in Southampton would be lumped into the same giant constituency as Bedfordshire and Essex for the purposes of European voting.

There were jeers from anti-Marketeers as Mr. Rees doggedly maintained: "It is a very simple and clearly understood system to anybody who puts their minds to it."

For the Opposition, Mr. Davies said MPs should give a positive and clear "Yes" to the principle of direct elections, despite deep and understandable misgivings about the content of the Bill.

The Conservative position was clear and uncompromised with political opportunism or short-term expediencies which might exist elsewhere.

When Labour MPs shouted across asking if the Tories would have a free vote, Mr. Davies said it should be the will of the party that it should vote as unanimously as it could. He made "reasonable provision" for those who, for a long time and equally consistently, had held a different point of view.

Mr. Davies said that the past 18 months had shown a great period of procrastination, deferment and evasion by the Government. "It is now the final humiliation we are bound to observe—for a Government which attached itself integrally to a Queen's Speech in which it declared its intention to bring forward this legislation—now to relapse into the public fragmentation of the Cabinet before our eyes," he said.

The responsibility for delay and the problems and difficulties facing Parliament, rested squarely on the shoulders of the Government and must not be transferred to Parliament.

In a low key contribution, Mr. David Steel, the Liberal leader, welcomed the Bill but emphasised the importance which his party attached to meeting the 1978 target date.

"I think it is important we tried to make that deadline," he said. "It would be a pity if this country were the one out of step and the one member to put a brake on the development of Europe towards a more democratic process. I am keen to see the May-June deadline actually met."

Mr. Steel, whose party has for many years been campaigning for the adoption of proportional representation in Britain, strongly backed the regional list system. The mechanism, difficult though it was, remained perfectly understandable. The regional list system would certainly produce a fairer result and would avoid a distortion of the political balance in Europe.

In any case, he said, the present system of appointing Westminster MPs to the European Assembly on a part-time basis was wholly unsatisfactory. He saw the advent of direct elections as signalling an important move towards a more democratic Europe and away from the present bureaucratic set-up.

Mr. David Steel, Liberal leader, emphasised the importance his party attached to meeting the 1978 deadline.

Party leaders challenged on guillotine

BY IVOR OWEN, PARLIAMENTARY STAFF

GOVERNMENT AND Opposition leaders came under strong pressure from backbench MPs to spell out the extent of their commitment to get the legislation authorising direct elections to the European Parliament onto the Statute Book.

Former Foreign Secretary and leading pro-Marketeer, Mr. Michael Stewart (Lab., Fulham), quickly challenged Ministers by asking if the Government would recommend the use of the guillotine to ensure that the Bill was carried in the next session of Parliament.

Claiming that there was a majority in the House for direct elections, he warned Ministers that they were not in a position where they could argue that their passionate desire to enact the legislation was being frustrated.

Amid cheers, Mr. Stewart declared: "If the Government allows the opponents of the Bill, in the House for direct elections, were to allow this to slip through its fingers, it would find that it would lose the goodwill, the confidence, and the support of many of us."

Mr. Nicholas Budgen (C., Wolverhampton SW), failed to secure a direct answer when he intervened in the speech of Mr. John Davies, shadow Foreign Secretary, to ask if the official Opposition proposed to "whip the Tory Party to support a guillotine motion at some appropriate stage."

Mr Davies answered that the Bill under discussion was not "going to be completed to finality" in the present session. He added: "Issues which may subsequently emerge on some new Bill in the new session deserved further consideration."

Mr. Budgen commented later that Mr. Davies's words showed that it was uncertain whether the Tories would support a guillotine.

The crucial importance of the guillotine issue was quickly underlined by Mr. Neil Marten (C., Banbury) a committed anti-Marketeer when he made the first speech against the Bill from the Opposition benches. He reaffirmed his determination to mount an all-out campaign against the Bill and envisaged this extending to "weeks and weeks."

Mr. Marten argued that the main objection to the Bill was that it represented "one step down the road to a federal Europe."

Equally determined opposition to the Bill was expressed by Mr. Nigel Spearing (Lab., Newham S.), one of the most determined anti-marketeers on the Government backbenches.

He maintained that the Government was unable to claim any mandate either from obligations arising from the Treaty of Rome, or from the referendum, for direct elections to the European Parliament.

For the Scottish Nationalists, Mr. George Reid (Stirling E and Clackmannan) said his party disputed the size of the Scottish representation at the European Assembly. He believed Scotland should have 16 seats. He was also opposed to the "mish-mash" of voting methods proposed.

"How the House acts on these two issues will determine our voting," he told MPs.

Mr. Julian Amery (C., Brighton, Pavilion) supported the Bill and said there was a need to establish a forum for European opinion. The present European Parliament did not do this but an elected Assembly would have its own legitimacy and its own character.

Mr. Ivor Clemitson (Lab., Luton E) said that although he had been opposed to entry into the EEC he had not been opposed to direct elections. But now he had changed his view because if there were two separately elected bodies within the U.K. such a system would only become workable within a federal Europe.

Mr. William Hamilton (Lab., Fife Cent.) said he would be voting for the Bill although he did not like the Government's intention of allowing its Ministers a free vote.

According to Mr. Philip Whitehead (Lab., Derby N.) it was not in the interests of Britain to embark on the introduction of the regional list system at the moment. Such a move would be used as a precedent for the introduction of some form of proportional representation for the Westminster Parliament, he thought.

Sir Anthony Royle (C., Richmond) said the aim of the six Cabinet Ministers who were opposed to direct elections—the "gang of six"—had been to delay the Bill. It was betraying a pledge that had been made in the Queen's Speech.

Cabinet five to oppose Bill to-night

By Richard Evans, Lobby Editor

FIVE OF the six anti-Market members of the Cabinet are expected to vote against the Government's Bill on direct elections to the European Assembly when it completes its second reading in the Commons to-night.

They are Mr. Anthony Wedgwood Benn, Energy Secretary, Mr. Peter Shore, Secretary of the Environment, Mr. John Silkin, Minister of Agriculture, Mr. Albert Booth, Employment Secretary, and Mr. Stan Orme, Minister for Social Security.

The sixth anti-Marketeer Mr. Michael Foot, Lord President of the Council, is in a special position as Mr. Callaghan's deputy and as Leader of the Commons. He intends at present to abstain.

Altogether, around 100 Labour Ministers and MPs are likely to abstain or to vote against the European Assembly Elections Bill, thanks to Mr. Callaghan's decision to allow a free vote. Even so, the legislation seems certain of a comfortable majority because of a Conservative three-line whip in support of the Bill.

A key vote will come in the next session when the system of election will be decided. The Government, partly in response to Liberal insistence, is recommending a regional list system of proportional representation. But this is likely to be overturned in favour of the Westminster method of first-past-the-post.

Immediately after second reading to-night a group of senior MPs led by Mr. Fred Willey, Labour MP for Sunderland North, and Mr. Geoffrey Rippon, Conservative MP for Hexham, will table a series of amendments substituting the regional list system for the simple majority method operating for Westminster.

Structure

The opening of the debate turned out to be a chaotic affair, with Mr. Davies, for the Opposition, and Mr. Merlyn Rees, Home Secretary, constantly being interrupted by backbenchers. Mr.

Hurd wants PR issue settled quickly

WINDING UP the end of the first day's debate for the Opposition, Mr. Douglas Hurd, the Conservative spokesman on Europe, said it would be hard to overstate the harm which Ministers of the present Government had inflicted on Britain's standing in the Community over the past year.

"It will be a long road back before we can build up our strength and influence again in Europe," he declared.

Nevertheless, he thought an essential first step towards restoring that influence was to give the Bill a big majority to-night.

Like several other Tory speakers in the debate, he feared that the Government was intentionally leaving the matter to the last moment so that there would be no real choice between the voting systems proposed in the Bill.

He urged the Government to give the House an opportunity to vote on the type of system it preferred after the second reading of the Bill but before the House rose for the summer recess.

This would make it easier for the Government to draft a Bill for the next session in the autumn and in the meantime the Boundary Commission would be able to start considering the matter.

Hospital waiting lists attacked

MORE THAN half a million patients were now on the waiting lists of National Health Service hospitals in England, Baroness Young (C) claimed in the Lords yesterday.

She protested that about 30 per cent. of them had been waiting for hospital beds for more than a year.

In a debate on the problems of the hospital service and medical centres, Lady Young said it was an indictment of the Act on pay beds that private beds being phased out had not been used for NHS patients. The result was that waiting lists had lengthened.

Lady Young claimed that the NHS was under-financed. "There is an indefinite demand for a finite amount of money."

The realities of the situation should be explained to the public so they knew what they could expect in the present economic situation and for some time to come. People should be encouraged to take out private health insurance by the Government, giving tax relief on it.

Government health spokesman, Lord Wells-Pestell, said it was so easy to be destructive and to say that the NHS was on the verge of collapse and bankruptcy. The NHS had to live within a very tight budget, but it was very much alive.

U.K. passport assurance

THE BRITISH PASSPORT is to continue in its present form, Lord Goronwy-Roberts, Foreign Office Minister of State, told the Lords yesterday.

Liberals elect treasurer

MR. MONROE PALMER, partner in a firm of chartered accountants, has been elected joint treasurer of the Liberal Party with Lord Lloyd of Kilgerran.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTING

Systems for most firms

PHILIPS Data Systems, which has just successfully shunted its Datatrain between 13 U.K. cities, demonstrating its products to 3,182 businesses and at the same time taking £633,000 of orders, now claims it can offer a machine to suit 90 per cent. of the small to medium business applications.

Models range from relatively simple visible record machines at £7,000 to equipment offering disc-based working, VDUs and fast printers at over £60,000.

Against the competition of the longer established giants such as Burroughs, NCR and IBM, Philips claims, for example, that following the launch of the small disc-based P410 last year, 5 per cent. of this particular market was won in the U.K. within six months. The company is confident it will raise this to 10 per cent. by 1981.

Philips Data Services has also quietly moved outside what seemed to be its established market with the introduction last year of the PTS 6000 financial terminal system.

By choosing appropriate units, PTS 6000 can be made to handle functions ranging from cash receipting to printer-updating of building society investors' pass books. Nine orders have been taken in the U.K., of which eight are from local government authorities, and the company has demonstrated the equipment to a third of the 400 prospects.

Among the products introduced in recent weeks is a flexible disc unit P3431, able to atore as much data as 1000 visible record cards and intended to enhaoce the P300 VRC range io terms of recalling and collating customer data. There is also now available a fast line printer (70 lpm) to print the resulting reporta, at a noise level hardly audible in an office environment.

The company has also introduced an "office computer system" version of the P410: this is intended to provide a simple introduction to data processing using familiar visible records and magnetic ledger cards. It can then be enhanced to the greater power of the P410 small business computer, adding discs, VDUs and printers as needed.

Thus, although Philips has 18 per cent. of the VRC market in the U.K. (and aims to make it 25 per cent. by 1981), it is at the same time hedging its bets by offering other kinds of small business systems in a variety of ways, and by making it easy to move out of VRC.

The formula seems to be working: the success of the company is evident from the fact that (according to Pedder Associates) its installed base in small business machines and VCR doubled between 1973 and 1976, to a value amounting to over £21m.

Ulster bank opts for Burroughs

NORTHERN BANK, largest of the clearing banks in Northern Ireland and part of the Midland Bank group, has decided to go for large-scale automation of its accounting system following the implementation of clearing operations on Burroughs B3700 equipment.

The initial order is for £2m. worth of processors and peripherals, all from Burroughs and the equipment will satisfy the needs of the bank's accounting network for the time being.

A second B3700 will be installed, plus two communications processors, 50 VDU's and 130 B80 terminals.

One of these B80's will be located in each branch and will hold what the bank calls a skeleton customer file for enquiry and validation purposes.

After hours, each local terminal will transmit to the central machine data collected during the day. After midnight, the latter will send back to each office details coming from the clearing system and reporting information for each branch and its customers.

There will obviously be a vast improvement in the provision of customer and bank information with the 24-hour turnaround.

More from Burroughs at Heathrow House, Craoford, Hounslow, Middlesex, TW5 9QL. 01-759 6522.

Easy guide for tyros

SOME WOULD-BE users of computers are in too small a way of business to be able to afford large consultancy fees. Some have very little or no knowledge of the equipment and methods required.

To meet their needs, a service intended to take them step by step through the decision-making chain, either for the purchase of a machine or the selection of a service bureau, is offered.

On the basis of a handbook, backed by an advisory staff, a tyro can read himself into what he should koow, and what he should ask before making a decision. Advice on what guarantees to have written into a contract is also provided.

Support does not stop there since it also covers breakdowns or failure to achieve targets, as well as advice where customers believe their suppliers are overcharging.

Further details of the handbook and supporting service from BCM - Comsense, [illegible] London WC1V 6XX. 01-404 5011.

● HANDLING

Robot takes over press

Two plastics transfer moulding presses are being operated by a robot at GTE Sylvania in the U.S. for the production of flash cubes, electrical connectors and similar units.

Its jobs include unloading the presses alternately, synchronising the operations of the presses and the feeder and transferring parts to secondary operations.

In the pilot installation, each press is making a different component. Both are fed with preheated "pills" of plastics of different weights from a specially provided extruder. It is intended to add a further two presses with their extruder to the production cell, the robot sitting in the centre.

Unimate, which supplied the robot, points out that the extruder costs about three times as much as the customary preheater, but can serve two presses, while the full automation of the somewhat unpleasant work has meant a gain in cycle time and a more consistent end-product.

The particular robot used has a memory capacity of four programs of 32 steps and a random program selection ability. This allows it to tackle secondary tasks as diverse as cleaning contact holes, guiding parts past grinding wheels and returning the part holder to the starting point before resuming service to one or other press. One or more of the presses will be skipped while the others continue operations when it is required to take a unit out for inspection or maintenance.

GTE expects that it will pay for itself in 18 months even on the basis of two-press operation. This is thought to be the first such installation in the plastics industry.

More from Unimation, Units A3/A4, Stafford Park, Telford, Salop TF3 3AX. 0952 618931.

Rugged fork lift truck

FIRST IN a range of American heavy materials handling equipment now being launched in the U.K. is a rugged fork lift truck.

Model 6-33 High Lift truck has four-wheel drive and steering, and can lift 4,000 lb. to height of 33 feet. It has controls which allow it to be tilted four degrees to the left or right to compensate for uneven ground. The maker says this makes the truck particularly suitable for use on building sites.

Other features include a maximum speed of 23 mph in fourth gear, and a steering system which enables the truck to turn in only fractionally more than its 27 ft. 6 in. length.

The equipment is made by the Pettibone Corporation, Bsraga, Michigan, and is marketed in this country by Vanesco, 163 Garth Road, Morden, Surrey SM4 4LH (01-330 0101).

Heavy duty conveyor

A DRIVEN roller conveyor capable of transporting and accumulating loads from 10 to 1,500 kg. and up to 1.5 metres wide, has been launched by Feoamec, Sutton Road, Hull, HUS 0DR (0482 781211).

The rollers are driven on their underside by a wrap spring clutch operated from a polyurethane tyred wheel which is powered through a drive chain and sprockets. Normally one driven wheel activates two rollers. Roller pitch cao be varied to suit the items on the conveyor.

The tyred drive wheel is brought in and out of contact with the rollers by pivoting bar seosors—which are also arranged at a pitch to suit the load length. When a bar is depressed by the load, it removes the drive under the following load.

In this way loads can be held at spaced intervals on the conveyor. When the end load is removed, the sensor bar re-engages the drive under the next load.

Main advantage claimed for this conveyor is that it can be used to build-in accumulation positioos as required in the transportation mode, that is, transfers, loading and unloading points, machinery interfacea, etc.

Handles reels

HEAVY DUTY equipmeot for handling reels of conveyor belting, ropes, cables, boses, etc., has been introduced by Belford Industries, Gosforth Industrial Estate, Newcastle upon Tyne NE3 1XF (0632 8551971.

The mobile machines require only one operator and can handle reels from one to three tonnes in weight, with reel diametera from 1200 to 2100 mm. There are four machines in the range, all powered by variable speed dc motors.

The variable speed drive enables the operator to select any speed up to 20 rpm to ensure a constant feed to processing equipment such as a cooveyor belt slitter, or for re-reeling.

Drums or reels are carried on the removable drive shaft. This is fitted to a lifting arm that is hydraulically raised or lowered for loading. The machines are wheel-mounted, and can be fitted with a choice of measuring devicea for checking feed length.

Automatic weighing

TO CONTROL and monitor loading and unloading of bulk storage vessels automatically from a single remote control point, an automatic bulk weighing system has been developed by Revere/B & R Systems Inc., of Connecticut, U.S.

One or more load cells are incorporated in the suspension of the weigh hopper, providing the input to the system. Additioal instrumentation controls the input and output valves, and any one of five operation modea can be adopted.

In the continuous mode, material will be batched as long as it is available. For less repetitive operations a manual mode can be used. By selecting the pre-determined mode, the operator can pre-set the total number of batches to be weighed, after which the system will automatically shut down.

Finally, the auto-trim mode gives automatic trimming to a given weight, by progressive slowing of the delivery as the load nears the correct weight.

The hopper is weighed full and empty before computing the delivered weight, to eliminate the weight of material sticking to the hopper or valve. Gross and tare figures are printed automatically, and the operator calls up sub-total and total weights at the press of a button.

Modular equipment allows systems to be built up for particular installations by selecting appropriate equipment "building bricks" from the range. The maker says the equipment can be easily interfaced with computer control.

Marketing in the U.K. is by Avery Parsons, PO Box 5, Scont Hill, Dewsbury, West Yorks., (0924 468317).

Avoids the scratches

MODERN veneers are tough but handling them in large sheets in a factory is not easy and accidental damage can spoil a high-value piece of raw material.

A novel unit desigoed by Grampian Furniture of Ilkeston in conjuoctioo with Mansign Eogineering uses Schrader pneumatic equipment coupled to vacuum lifting cups to pick up two 9 x 4 feet sheets, weighing up to 240 lb together, in the company flow-line and transfer them from a manual turntable to roller conveyors which feed automatic sawing machinery.

As the sheets are lifted straight up instead of being slid across manually from a storage stack, scratching has been drastically reduced.

Schrader is at Walkmill Lane, Bridgtown, Cannock, Staffs WS11 3LR. Cannock 2644.

● RADIO & TV

Less noise on screens

BY ANY standard, the quality of televiaion picture transmitted in the U.K. is extremely good, and to the reasonably perceptive viewer equipped with a proper lostallation in a good signal locality there might seem very little room for improvement.

From some picture signal sources however—well before the transmission actually occurs—granular "noise" can be generated; examples are outside broadcasts in bad lighting, hastily set up oewscasts and in particular, multi-tape transfers.

To reduce even this to a minimum the BBC is currently testing a digital signal processing system in which the noise is reduced by using a TV picture store in a recirculating mode. In effect many TV frames are added together: the wanted picture detail, being present on every picture is reinforced relative to the noise, which is random. Pictures containing fast movemeot have given smear problems in development, but these have been overcome—as has the potential reduction of the colour subcarrier level due to its being transmitted in a sequence of eight TV fields.

The prototype equipment requires manual adjustment to suit the noise level of the signal being processed but work is in hand to make this automatic.

Ironically, this worthwhile development might well go unnoticed by a sizeable number of viewers who are already experiencing an improper noise level on their pictures due to some maladjustment in their own installation, either in aerial or receiver. There will certainly be some who will argue that the money might have been better spent attacking this problem, which is left largely to the TV trade.

Clear view of the TV picture

SCHMIDT system projection TV for professional and commercial users gives brilliant results in terms of picture quality and colour, but has tended to be superseded by other systems because of high production costs.

However, following a great deal of experimental work, the Watson optical division of M.E.L. has found a way of making the correction plates for the TV projectors which promises to allow quantity production of these devices at prices attractive enough to bring back the system in large numbers.

The essence of the process is the formation of epoxy resin lens elements on a glass base. These elements "shape" the outgoing light pattern to fit the projection screen exactly without distortion. In conjunction with spherical mirrors, they will be built into optical projection modules intended to fit easily to set manufacturers' CRT tubes.

Pye has used the process in the production of its own Mammoth TV projector and in flight simulation viewing systems. But Watson believes there is a great deal more scope in the production method for the formation of even more complex lens and optical systems.

More from M.E.L. at Manor Royal, Crawley, West Sussex, RH10 2PZ. 0293 58985.

● PROCESSING

Big vacuum cleaner

UP TO 10 tons of material an hour can be sucked up by what is, in effect, a giant vacuum cleaner for industrial applications.

The equipment is based on rotary blower which creates a vacuum (down to 10mm of mercury). There are two models available, one with a 30 hp motor which has a capacity of 700 cu.ft/min. free air, and a 40 hp version, with a capacity of 1,100 cfm.

The blower unit is fitted with miniature cyclones and bag filters which ensure that no particle above one micron diameter eoters the blower section. Flexible suction hoses, which can have bores of 3, 4 or 6 inches, connect the blower to a skip, large cyclone, or other sealed collection container. The flexible hoses used to pick up material are also connected to the sealed container, which retains all particles above 0.002 inch diameter.

The pick-up hoses are usually 30 to 45 feet long, but it is possible to carry material for up to ½ mile. It is claimed that any piece not larger than 75 per cent. of the suctioo hose diameter can be collected.

Applications for the machine include collection of abrasives in shot blasting equipment, and for cleaning operations in coal mining, power stations, foundries and steel works.

Made by Multi-Vac, the equipment is marketed by Shotblast Developments, Tansley, Matlock, Derbyshire DE4 5EX (0629 3921).

● AUTOMATION

Sticking on samples

TRADITIONALLY, patterns and samples of wallpaper and materials are stuck into pattern books and on sample cards by hand in production areas where long lines of operatives sit at conveyor belts. Ooly the adhesive is applied by machioes—through stencils to obtain the right layouts.

Now a machine has been developed in Germany (by Amtmaon, of Munich) which not only applies the adhesive in pre-set patterns, but also places all the samples in position on the glued card. Other applications include mounting illustrations on greetings cards and calendar boards.

Running speed is variable from 700 to 1,400 applications/hr. and the maximum size of the sheet to be glued varies according to the machine model from 280 by 350mm to 550 by 850mm.

The machine will apply any pattern of adhesive on sheets of paper, board, plastic or fabric, and then places the glued sheet on to any objects which have been put on the laminating table. Sheets to be glued are fed automatically by suckers from a pile, but on standard models the pieces on the laminating table have to be placed by hand for each sheet.

Fully automatic machines are available on a custom-built basis. These carry a magazine with samples positioned to match the glue layout. When the sheet is placed oo top of the magazloe, pneumatic rams push each ssmple agalost the glued sheet. The dwell time of the rams can be adjusted to suit the material and adhesive being used. Users can make their own glue steocils and sample magazines.

The machines can be adjusted to supply adhesive by a roller in specific areas, by wheels in strips, or in a pattern through a stencil. Adhesives can be PVA, PVC, dextrine types, or animal glues.

Marketing in the U.K. is by Edlon Machinery, Barter Street, London WC1A 2AE (01-242 8111), and the machines are priced at around £50,000.

● SOFTWARE

Three novel approaches

COMPUTEL is to handle the massive MERLIN interactive library program suite developed by the British Library to run on ICL 2900 machines. The bureau's 2960 will provide a considerable amount of time for the purpose of development and testing.

It is anticipated that by 1978, the Merlin database will have expanded to 2,000m. bytes and be open to access by 50 terminals, some operating at 4,800 bps. It is second generation British Library software providing more facilities than those intended for the current BLAISE service which is based on IBM 370. More on 0344 26767.

● For use in ICL 1900 installations where a computer output on microfilm recorder without its own mini is used, Datagraphix is providing a microfiche management system which could save up to 40 per cent. of the time otherwise spent by the main machine in specifying layout.

This is an extremely high level of saving to claim, but the company says it has beeo substantiated by a number of field tests over the past six months. More on Wiokfield Row 5611.

● Reams of tabular data can be quickly transformed ioto easy-to-read graphic displays by means of DISSPLA, ao interpretative program available on CSC's Infonet world remote computing service. More from CSI on 01-437 3043.

● Leasco Software is to collaborate on communications network tenders with Datel, software subsidiary of Datel, which is one of the largest German bureaux. 0628 23391.

● CALCULATORS

CBM's first crystal display

WITH AN exceptionally long battery life of 5,000 hours, Commodore's first slimline calculator to have a liquid crystal display is coming on to the market now.

Only a quarter inch thick and intended to slip into a pocket or a bandbag, it has the four arithmetic functions plus square root, percentage and memory.

Basis of the unit is a 3 volt CMOS chip which has a very low power drain. This is one of CBM's own chips, made at MOS Technology in the U.S., and the company has made a second-sourcing agreement with Rockwell.

In August, CBM is to launch its first LCD watch which will be distinguished by ½ inch high characters.

More from CBM at 446 Bath Road, Slough, Berks SL1 6BB. 06286 3224.

NOTICE OF REDEMPTION

To the Holders of

Phillips Petroleum International Investment Company

6% Guaranteed Sinking Fund Debentures Due 1981

Due January 15, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of January 15, 1966 under which the above-described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on July 15, 1977, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, $1,048,000 principal amount of the above described Debentures. The serial numbers of said Debentures so selected are as follows:

DEBENTURES OF $1,000 EACH

M176	2156	2665	5132	6616	8263	10116	12101	13649	15076	16244	17184	18143	20271	21238	22292	23715
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1192	3133	4650	6052	7770	9474	11557	12982	14493	15022	16824	18504	19927	20697	21973	22964	24492
1200	3154	4728	6036	7812	9482	11566	13010	14500	16034	16926	18530	19938	20907	21976	23002	24526
1289	3222	4731	6105	7827	9602	11569	13024	14512	16052	16952	18554	19948	20908	21980	23003	24536
1297	3244	4769	6167	7844	9618	11738	13317	14524	16058	17000	18590	19975	20917	22018	23037	24538
1299	3248	4786	6239	7851	9707	11793	13324	14557	16068	17011	18594	19980	20924	22020	23077	24543
1305	3252	4806	6243	7867	9713	11797	13342	14575	16079	17012	18612	20009	20932	22028	23080	24620
1392	3263	4844	6246	7925	9715	11864	13351	14586	16066	17022	18614	20013	21015	22109	23115	24897
1395	3264	4880	6361	7928	9801	11891	13416	14646	16133	17042	18684	20033	21040	22120	23141	24928
1465	3431	4904	6428	7958	9818	11592	13417	14666	16136	17065	18679	20080	21044	22140	23190	24934
1647	3434	4910	6452	7966	9821	11957	13418	14671	16138	17072	18710	20120	21085	22149	23191	24936
1664	3502	4920	6462	7970	9822	11960	13428	14724	16144	17082	18763	20143	21087	22156	23197	24952
1896	3545	4930	6464	8000	9834	11972	13436	14777	16152	17088	18866	20170	21132	22160	23200	24961
1916	3548	4947	6490	8017	9855	12013	13438	14778	16159	17111	18994	20198	21145	22186	23418	24981
1930	3549	4946	6491	8023	9884	12014	13484	14782	16160	17122	18925	20201	21151	22214	23438	24985
1932	3560	5062	6510	8024	10025	12018	13485	14783	16162	17142	18856	20207	21168	22218	23440	
1933	3561	5068	6556	8062	10065	12032	13487	14861	16163	17145	19002	20208	21174	22228	23548	
1957	3606	5069	6585	8213	10068	12036	13568	14972	16197	17161	19009	20215	21191	22234	23663	
2027	3635	5120	6592	8226	10072	12067	13574	14992	16219	17167	19031	20243	21202	22241	23701	
2035	3662	5124	6610	8252	10081	12090	13593	14993	16231	17178	19037	20244	21214	22260	23715	
2078	3880	5128	6613	8254	10108	12096	13648	15010	16243	17180	19110	20261	21231	22277	23717	

On July 15, 1977, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015**, or (b), subject to any laws or regulations applicable thereto in the country of any such offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris, or Banca Commerciale Italiana in Milan or Bank Mees & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due July 15, 1977 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a bank in The City of New York or by transfer to a dollar account maintained by the payee with a bank in such City.

On and after July 15, 1977 interest shall cease to accrue on the Debentures herein designated for redemption.

Phillips Petroleum International Investment Company

Dated: June 14, 1977

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M389	2619	7674	9070	13474	14520	16056	16162	16227	16423	17078	17173	20011	20405	20457
801	4136	7685	9803	13986	16050	16142	16211	16296	16430	17083	18668	20210	20414	20458
811	7673	7692	12215	14052	16051	16147	16218	16415	17004	17094	18920	20313	20422	21431

The Marketing Scene

هكذا من الأصل

EDITED BY MICHAEL THOMPSON-NOEL

Commercial radio —the big tune-in

BY MICHAEL THOMPSON-NOEL

THERE'LL BE NO more sand kicked in the faces of the local commercial radio contractors—not after to-day's publication of the 19 local radio stations' first-ever JICRAR network audience survey that establishes, with the greatest clarity, that independent local radio is no longer a stripling but a muscular advertising medium with the measurements to prove it.

The main points of the research, which cost £86,000 and is bang up to date, are that the local radio network now covers 65 per cent. of U.K. adults; that 47 per cent. of them now listen to commercial radio each week, and that ILR is therefore achieving an audience of 13.6m. adults—32 per cent. of the total adult population.

Further, the survey indicates that local radio is now out-gunning the BBC within the ILR network areas, claiming 29 per cent. of listening hours against 26 per cent. for BBC Radio 1, 20 per cent. for Radio 2 and a combined 17 per cent. of listening hours for Radios 3 and 4.

On this basis, BBC local radio is credited with a 6 per cent. share of listening hours, and Radio Luxemburg with 1 per cent.

Predictably, the BBC counter-attacked with figures of its own. Charles McLelland, Controller of Radios 1 and 2, claimed that Radio I was reaching 10m. people every day. In the major cities, he said, the ILR stations were on the air 24 hours a day, while Radio 1 was only broadcasting for half a day. "Yet we calculate that 43 per cent. of the population tune to Radio 1 every week."

The BBC's claims are based on national figures; the AIRC's only on the areas where the ILRs are competing with the BBC, which still enjoys a radio monopoly in over a third of the country.

Allied with commercial radio's recent dramatic gains in revenue, to-day's survey figures firmly consolidate the medium's status. ILR revenue last month was £2m. against £1.3m. for May 1976. The 1977 revenue total could easily reach £22m.-£24m. against last year's £14.7m.

To-days audience figures emerge from work carried out by Research Surveys of Great Britain on behalf of the Association of Independent Radio Contractors to specifications set by the Joint Industry Committee for Radio Audience Research on which advertisers and advertising agencies are of course fully represented.

The study was carried out between April 25 and May 22 and involved diary entries for one week by 12,144 adults, plus in some areas a number of children.

Within the ILR network area, the survey shows that commercial radio is now reaching 52 per cent. of all men, who listen for an average of 11.8 hours a week; 46 per cent. of women, who listen for 13 hours, 42 per cent. of housewives (13.4 hours), 50 per cent. of housewives with children (15.3 hours), 45 per cent. of ABC1 adults (10.5 hours) and 51 per cent. of C2DE adults (13.4 hours).

The listening figures are predictably at their most impressive in the 15-24 age bracket, where 71 per cent. of men tune in for 11.7 hours weekly, and 68 per cent. of women follow suit for 12.2 hours. Yet even among the 35-54-year-olds the listening figures are still impressive at 49 per cent. of men for an average 10.8 hours and 46 per cent. of women for 13.6.

The AIRC said last night: "The fast and continuing growth of the ILR audience is an excellent acclamation for the newest alternative advertising medium. The ILR network is providing and fulfilling considerable audience satisfaction, and to an unexpectedly greater and more mixed audience than early predictions suggested."

Patrick Gallagher, chairman of the AIRC's marketing committee, added: "We are delighted that the judgment of so many major advertisers who have backed ILR has been justified by these figures." And Phillip Birch, managing director of Piccadilly Radio, Manchester, spoke for the other 18 mds when observing that the survey results were a cheering addition to recent good news on the revenue front. Piccadily's not untypical forward bookings sheet is virtually 100 per cent. better off than at this time last year.

It has not yet been decided how often this survey will be repeated. That depends on the 19 stations, whose individual audience reach figures will be made available later this week.

For now, the kudos rests happily with the network as a whole, which is why in London yesterday the mood was one of heart-felt celebration.

McCann's £54m.

THE McCANN-ERICKSON group, which this week announced three new management appointments, has also taken the opportunity to spell out the current billings situation and management line-up of the group's three agencies. From September 1, Nigel Grandfield is giving up the position of managing director of McCann-Erickson while retaining the chairmanship. The new managing director will be Bill Murphy of McCann's Frankfurt office. In addition Alban Lloyd and Ron Bazeley are appointed deputy managing directors.

The billings within what McCann's likes to term the McCann federation of agencies now looks like this. McCann-Erickson is rated at a current £42m. worth of billings, including £4.25m. worth of new business gained since January 1. Number of employees: 389.

Harrison McCann, with 82 employees, bills £8m., including £2.72m. worth of new acquisitons since the start of the year (£2m. from Schreiber, £320,000 from Barker and Dobson, etc.). And Universal McCann (44 employees) is billing £4m., including new business of £1.47m.

● PHILIPS ELECTRICAL has placed over £1m. worth of business with Gordon Proctor and Partners. Proctor will handle all the outdoor work for the company—amounting to some £500,000—and the audio division.

● DEPARTING FROM what it calls the tramlines of TV advertising, Spillers is investing £250,000 in Press and posters to support the relaunch of Choosy catfood. A new variety, Choosy Haddock, has been developed.

Whatever's happened to Madison Avenue?

BY RONNIE KIRKWOOD

LAST WEEK on this page John Simmons reported on the 24th International Advertising Film Festival at Cannes, observing that Britain hadn't done badly in the competition for awards, but with the admonition that we can and must do better. On the other hand Britain took six Gold Lions, seven Silver and 18 Bronze, while the comparable figures for the U.S. were three, two and three respectively. Is that particularly important? Perhaps not—but I do find it interesting and even encouraging because 10 or 15 years ago, most of us made the annual pilgrimage to Cannes or Venice to worship at the shrine of Madison Avenue.

To-day, when American ad-men see even a mediocre reel of British commercials, they are fulsome in their praise. Sadly, when we are shown what they currently have to offer, we are embarrassed by our own silence.

Whatever's happened to creativity in American television advertising?

One thing that's happened is that during the past ten years there has been a dramatic swing from a basic 60-second format to a basic 30-second format. In 1967, two out of every three commercials were 60 seconds long. To-day, it's more like one out of every 25. And this has dramatically affected the creative output of every agency in the U.S. with a high percentage of its billings on television.

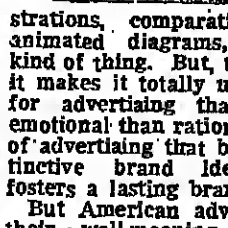
Another thing that's happened has been the development of a highly cynical attitude by the American consumer towards business in general and advertising in particular, coupled with heightened concern by the Government, through the Federal Trade Commission, which has led to an enormous increase in the amount of legislation affecting advertising. As a direct result, American advertisers are less willing to buy bold and provocative advertising ideas, because they are now drawing attention to themselves in what might prove to be a negative way. This probably accounts for the sudden increase in the number of singing commercials—a device you fall back on when you've got nothing to say, or nothing you want to say, or nothing you're allowed to say.

It is also a contributory factor to the increased use of the stand-up pitchman (or presenter, as we would call it) and to the kind of commercial that is known as "slice of life." One major research company in the U.S. reports that over 30 per cent. of the commercials it tested in 1976 were either slices of life, or featured a presenter. And that represents a fairly drastic change from only two years before, when 29 per cent. of commercials tested featured a presenter (compared with 42 per cent. in 1976) and slice of life commercials accounted for 24 per cent. (compared with 42 per cent. in 1976). That leaves only 16 per cent. that, presumably, featured an advertising idea—but then a lot of the commercials in that 16 per cent. were singing commercials, and if we aim off for those, what are we left with?

I am provided with an answer to my question about what has happened to creativity in American advertising—although it's an answer I don't particularly like—and what I am really left with is a sense of foreboding about the future. Because, like it or not, there is still some truth in the saying that what happens in America to-day will happen in Britain to-morrow.

Something that adds to my sense of foreboding is the very rapid growth in the U.S. of a particular technique for the testing of television commercials. Let me make it clear that I am all in favour of pre-testing commercials, providing it is done sensibly, and provided that the results are used as an indicator of whether or not the commercial is likely to satisfy the agreed advertising objectives, however they are stated. But I am not in favour of this particular technique, which measures recall of a commercial, 24 hours after it has been on the air in a test market.

I am not in favour of it because all experience shows that it is easier for people, in a telephone interview (which is how the research is conducted), to recall and to articulate the tangible and rational content of a commercial than it is for them to recall and articulate the intangible and emotional content. That makes the technique acceptable (although still suspect) for advertising of a totally rational kind, involving product demon-



strations, comparative claims, animated diagrams, and that kind of thing. But, to my mind, it makes it totally unacceptable for advertising that is more emotional than rational, the sort of advertising that builds a distinctive brand identity and fosters a lasting brand loyalty.

But American advertisers, in their well-meaning but misguided desire to make money work harder, and in their anxiety to reassure the Government and the consumerist movement that the prime purpose of advertising is to give information, are falling over themselves to use this particular research technique, and I believe this to be another reason (in many ways perhaps the single most important reason) why American advertising has taken a major step backwards—not to the 'Sixties but to the 'Fifties, and to a very elementary understanding of how advertising works.

There is perhaps one other thing happening in America that is having some influence on the face of advertising, and that is an upsurge in new product development. Again, this has only really happened over the past two or three years. In 1976, 1,128 new products were put on the market, an increase of 10 per cent. over 1975, and something like 27 per cent. over 1974. This dramatic increase is partly a reflection of the general improvement in business confidence, but partly a response to the change in consumer purchasing patterns and the quest for a better price/value ratio.

Admittedly, many of the introductions have been little more than modifications or improvements on, and line extensions of, existing products. There has been little real innovation, certainly not of the kind that results in xerography, instant photography, pocket calculators, digital watches, etc. That's because real innovation is inhibited by Government intervention, by legislation, and by lack of certainty in large corporations about the future. Companies are therefore looking for short-term profit rather than longer-term potential.

The Nielsen Company reports that the primary earning cycle of a new product is now only two or three years. Where once a manufacturer would expect a new product to have a minimum life of 10 to 15 years, with a payout after three, now he might be content with a five-year life, so long as the payout started after 18 months. So what we are seeing in the U.S. is a proliferation of new products whose life cycles are expected to be very short. In the advertising for these products, the emphasis (as you would expect) is on the giving of information, rather than on entertainment—on stimulating trial rather than developing a brand personality, and on making a quick sale rather than building consumer loyalty.

What about commercial radio? In America at present there is more evidence of creativity in the use of radio than in the use of television, and there are some very good reasons why that might be so:

● Production costs are dramatically lower.

● Because cost per 1,000 is also significantly lower, the most commonly used time length is still 60 seconds, and 60 seconds offers far more opportunity for creativity than the 30-second length which is now the norm for television.

● Because cost per 1,000 is relatively cheap, advertisers are probably willing to approve creative proposals they would be nervous of approving with the higher capital cost of television.

● Although there is no evidence to prove it either way, I would very much doubt that radio commercials are submitted to the same degree of research scrutiny or are tested by the same techniques, as commercials for television.

The net result of all this is that radio is alive and well and flourishing in the U.S. In 1976, advertising expenditure on radio was higher than it's ever been before, and showed a 14½ per cent. increase on 1975. Forecasts for the current year indicate a further increase of at least 10 per cent., which would take expenditure up to the $2.5bn. level. Let us hope that as radio grows in importance it doesn't lose its creative cutting edge.

But to return to my hypothesis that what happens in America to-day might well happen here in Britain to-morrow—how real are my concerns?

First, there is the change in the time length of the television commercial, from 60 seconds to 30. So far as we are concerned

there can be no change, because 30 always has been our basic time length, and we are well used to its disciplines.

Secondly, there is the increase in U.S. legislation affecting advertising content. We're ahead of the game there, too, in the sense that our self discipline and our voluntary code of advertising practice, have, to a large extent, drawn the sting of our more militant critics. But let's not kid ourselves that we are perfect, and that pressures will not continue to be applied, probably from the EEC and the Council of Europe.

Thirdly, there is the increase in the pre-testing of television commercials, and the growth of the 24-hour recall technique. All I can say about that is that I hope British advertisers will have more sense than to fall for the superficial measurements and the easy reassurances offered by the hucksters of the research business.

Fourthly, there is the sudden upsurge in new product development over the last two years. On that point I have to say that I would like to see more product development activity in the U.K. The current state of our economy is not, of course, conducive to investment in product development, but those companies who are prepared to take the risk could reap very substantial financial rewards.

Relating the state of our economy to the consumer, we are seeing the emergence of a more highly selective purchasing pattern, with the emphasis increasingly placed on getting maximum value for money. This is reflected in advertising that draws attention to low prices, or that features product benefits, or that reminds people of the intrinsic and enduring values of a brand name.

Relating the state of our economy to advertisers, we can also see the emergence of a more selective purchasing pattern in terms of how they use promotional funds, how they use advertising, how they use advertising agencies, and how they use other suppliers of advertising services. Because advertisers, too, are concerned about getting maximum value for money.

That means that advertising content has got to work harder than perhaps it needed to in the more prosperous 1960s. But I hope it doesn't mean that we shall follow the trends we've seen in America.

If advertising has to work harder, it has to work harder at communicating with people, influencing people, persuading people. To do that successfully calls for not less but more creativity.

Ronnie Kirkwood is chairman of The Kirkwood Company.

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Reduced to a fig leaf

THE VOTE of the Transport and General Workers' Union removes the last possibility of any meaningful third stage of pay restraint imposed by the Government and the TUC. No limiting figure is now possible, and the 12-month rule left over from the second stage is effectively unenforceable, although the TUC still officially supports it. It is still possible that the Government will try to obtain some apparently moderate statement of intent, but such a statement will be no more than the fig-leaf which the Prime Minister has already described as inadequate.

All to play for

The Government has thus been defeated in one of its central policies; but if it survives, there is still everything to play for. As the financial markets have shown, it is a long time since anyone outside the Government and the TUC expected any effective results from a third stage; with the substance gone, the fact that there is now barely a shadow is not too alarming. What matters is the Government's own determination to continue the struggle against inflation, even at the risk of confrontation with some unions on some issues, and at the cost of postponing its plans to seek electoral support through an autumn reflation. If firm management in the coming year can produce a reasonable out-turn in spite of a resumption of free bargaining, the situation will be a great deal more promising than it would have been at the end of a weak third phase, with the risk of a secondary explosion; but only firm management can achieve this result.

The immediate challenge is on fiscal policy. Defeats in the committee stage of the Finance Bill have already threatened to make the Budget more expansionary than was intended, and it may well be impossible to get the higher tax allowances withdrawn in the full House of Commons. Further measures to hold back certain public sector prices are now proposed. It is essential that the Government should stick to its existing targets for *cash limits and for the borrowing requirement* in spite of these policy changes. It would show *some firmness and consistency* if the proposed reduction in the *income tax rate*, which was announced as conditional on a satisfactory agreement with the TUC, were now reduced or withdrawn. Above all, though, the Government must make it clear that the autumn is now far too soon to judge whether any further reflation can be permitted.

The next major challenge will come in the handling of public sector pay claims. Industry, with its capacity underemployed now appears to be in a mood to resist unreasonable claims, even if this means fighting some disputes; but this determination will be undermined at once if the Government caves in to the public sector. It is here that any Government has to have an incomes policy, and the aims of the present Government have often been proclaimed. Votes in the TUC do not alter the arithmetic of inflation, and there is no reason why the Government should now regard higher settlements as acceptable just because its own figures have not been endorsed in Transport House. The Prime Minister has stated the facts perfectly clearly: unreasonable settlements are a ticket to the dole queue. It is the Government's clear duty to defend this belief at the bargaining table.

Three dangers

Senior ministers do appear determined to face the present situation realistically—even Mr. Wedgwood Benn has spoken sharply to the miners of the need to earn the large increases which they feel are their due. They face one internal danger—a back-bench rebellion—and two still more dangerous temptations. The first is the temptation even now to try to buy some form of words from the TUC by offering damaging concessions—a minimum wage rule which would raise both inflation and unemployment, or subsidies which would put financial management at risk.

This would earn the Government nothing but contempt. The second is to cut and run—to cave in to immoderate claims in the hope of going to the country before the consequences were felt. It would then be the duty of the Government's Liberal allies to ensure its prompt defeat.

What is wrong with the dollar

By DAVID BELL in Washington

MOST AMERICANS have given scarcely a second thought to the record *trade deficit figures that, almost* every month this year, have been flashed on the evening *television news. Except in financial markets* even the unexpected weakness of the dollar in the past week has caused only a flurry of concern.

Yet, as the Carter Administration may be belatedly coming to realise, this unconcern is not shared outside the U.S. There have been a number of international warnings in the past ten days that the rising deficit—on both trade and current account—cannot simply be ignored because of the risk that it may develop into a source of great instability in world financial markets.

On Friday Herr Hans Apel, the West German Finance Minister, spoke of the danger of underestimating this instability in the face of a persistent American current account deficit. Earlier the Bank for International Settlements and the Organisation for Economic Co-operation and Development, sounded *similar notes of caution.* "It would be a grave mistake to believe that merely because the dollar floats that the state and structure of the U.S. balance of payments *simply* does not matter," the bank said in its annual report.

Even within the U.S. *some* concern has been publicly expressed. Mr. Henry Wallich, a Governor of the Federal Reserve, said in a speech at the end of June that "the sight of a large current deficit in the accounts of a country that is responsible for the world's principal currency is not a comforting one." Congressman Henry Reuss, *scourge of many* Treasury Secretaries and chairman of the House Banking Committee, was rather blunter on the floor of the House of Representatives. "Even more damaging to us could be not the deficits themselves, but our living in a fool's paradise that says the deficits don't matter."

As these warnings have been duly reflected in the foreign exchange markets, the administration has begun to modify its own statements about the importance of the deficit. To its critics, the change has not come a minute too soon, for less than a month ago senior treasury officials were saying that the increase of the trade deficit to $20bn.-$25bn. this year, and of the current account deficit to about $11bn. were nothing to be concerned about.

The officials argued that special factors had combined to push up the deficit to an abnormal peak and that the problem would be short lived. First and most important they blamed the severe winter and the gathering pace of the U.S. economic recovery which together drove up oil imports from last year's $32bn. to an expected $40bn.-$45bn. this year.

At the same time it was said that the U.S. was paying the price for leading the way out of the recent world recession. While other industrial economies are still becalmed, the U.S. was once again growing and sucking in imports of manufactured goods at a rapid rate. Meanwhile other factors—like the extra $1bn. cost of importing coffee—and a significant drop of purchases by major customers in the developing world like Mexico and Brazil have also played their part.

Mr. Michael Blumenthal, the Treasury Secretary, has also argued, most recently in a speech to the OECD in Paris, that the expected U.S. current account deficit for this year almost exactly equalled the prospective combined current account surplus of Japan, West Germany, Switzerland and the Netherlands. It was time he said, verying a theme the administration has sounded before, for these countries to do more to reduce their surpluses, leaving the U.S. in a less exposed position. This matter will arise when Herr Helmut Schmidt, the West German Chancellor, visits Washington next week.

There actually is some speculation that the administration is more than happy to see the dollar depreciate a little and to see the yen and the D-Mark rise. Such a re-alignment, brought about largely by the market, would, it is argued, go some way to *restoring* equilibrium and would help cut the surpluses of these nations. It would also make U.S. exports a little more competitive.

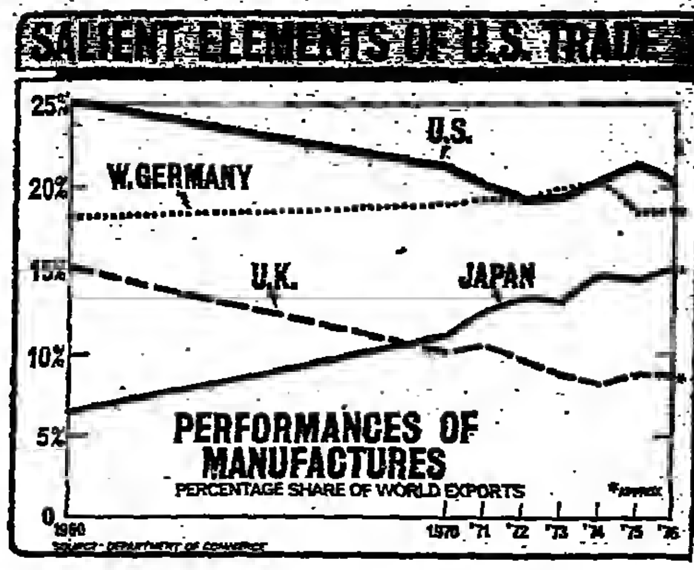
Finally administration officials have contended that the underlying capital inflows remain so strong that financing the deficit presents no problem. In any case, they said, this year's expected trade deficit amounts to no more than 0.5 per cent. of Gross National Product.

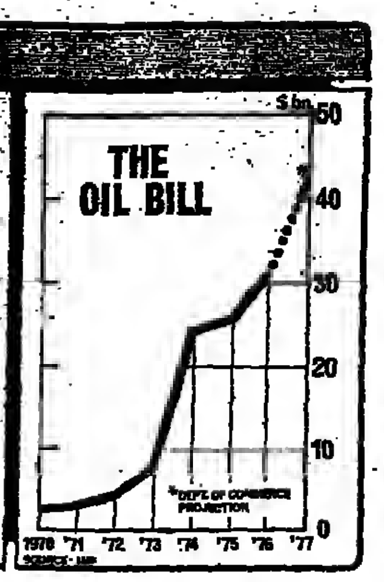
Cost of oil imports

Nothing has happened in the past week to invalidate most of these arguments, but what seems to have disturbed the markets and others is the apparent complacency behind them. Recognising this, Mr. Blumenthal told an interviewer last week that the U.S. was not complacent about the deficit. "There is no belittling the fact that a $25bn. deficit is too large—and is something that has to be carefully watched and reduced," he said.

But the argument of the administration's critics rests on a detailed analysis of the U.S. external payments, and the trends which it uncovers. Such an analysis does reveal disquieting trends. Above all the critics have become convinced that the deficit is not as temporary as the administration believes.

SALIENT ELEMENTS OF U.S. TRADE





TRENDS IN U.S. EXTERNAL PAYMENTS

($bn.)

	Current Account		Trade Balance	
1971	−2.957	−2.4	Jan. '77	−1.669
1972	−9.082	−6.4	Feb. '77	−1.865
1973	+0.022	+1.4	March '77	−2.837
1974	−3.598	−2.4	April '77	−2.623
1975	+11.650	+11.0	May '77	−1.221
1976	−1.324	−5.9		

Sources: Dept. of Commerce, IMF.

The first and most important problem is energy. In the first five months of 1977 the U.S. has been importing oil at the rate of $3.5bn. a month. That means that America spends more dollars a month on imported oil in 1977 than it spent in the whole of 1971. The latest Commerce Department projection, as yet unpublished, is that this year the U.S. oil import bill will be about $42bn., compared with $31.4bn. last year. Government analysts believe that this year's figures have been unusually high, that the oil companies now have overflowing tank farms, and that imports will almost certainly slow down in the rest of this year. But they see very little to suggest that the oil import picture will be much brighter next year, even though Alaska will then be producing 1m. of the 8m. barrels of oil that the U.S. currently needs to import every day. In theory Alaskan production should *therefore* cut the bill for imported fuel by some 12 per cent.

But economists say that a combination of expanding demand; a rising oil price, a downward movement of the value of the dollar, and other factors mean that the net effect of Alaska may only be to reduce the oil import bill by between 5 and 9 per cent.

The Treasury counters this by looking forward to the time when the Carter energy package begins to reduce overall oil consumption. But even *optimists* concede that it *will* take two or perhaps three years before the proposals make a real difference.

But, and herein lies the second problem, oil is not the *only factor. Comparing* the first five months of this year with the last five months of 1976 reveals that there was only a 1 per cent. increase of U.S. exports in that period, compared with a 12 per cent. increase of imports. About 41 per cent. of this increase is accounted for by oil. The rest resulted from a surge of imports of manufactured goods which *shows* no real sign of abating. Indeed, analysts at the Commerce Department believe that the figures have yet to reflect the strong increase of imports of many items, particularly of cars. So far this year imported cars have taken *an extra 6 per* cent. of the market (up to 20 per cent.). Most importers have so far had ample stocks, but they are now depleted. Re-stocking will have an important impact on the overall trade figures later this year.

Meanwhile there is some concern that the U.S. may be watching its once dominant position in world trade come under pressure. The latest alarm was sounded by Mr. Frank Weil, Assistant Secretary of Commerce for Domestic and International Business last month. It may be argued that his job, which includes responsibility for export promotion, may give him a special axe to grind, and that he thus overstated the position. Yet it is notable that he painted a bleak picture of the long term trend for American business in a speech in Chicago which contained some persuasive statistics. Among other things he *noted that in a country which* has at least 1,000 sizeable companies by world standards, some 250 companies account for as much as 85 per cent. of all exports. And he said that without greater effort the U.S. was in danger of losing further ground as an exporting country.

The evidence is, however, somewhat mixed. It is certainly true that the overall level of U.S. exports has not climbed very fast in the past year, but that has a great deal to do with an improvement in the world food situation which has reduced U.S. *grain exports. It is* also true that American companies have traditionally preferred to operate overseas subsidiaries so that the U.S. has less of a *tradition of direct exporting.*

On the other hand the American share of world exports of manufacturers did improve steadily from *1972* to the end of 1975, although it did fall back a little last year to 20.3 per cent. The long-term trend is somewhat less encouraging. In 1960 the U.S. share of manufacturing exports was 25.3 per cent., compared with 6.5 per cent. for Japan and *18.2* for West Germany. In 1975, the last year for which fully comparable figures are available, West Germany effectively held its share, Japan climbed to 14.4 per cent. and the U.S. was down by nearly five points.

Repatriation of earnings

It is of course true—and the current account payments figures show it—that the U.S. has benefited substantially from the repatriation of the overseas earnings of American corporations. For instance a comparison of the first quarters of 1974-77 shows that in 1974 and 1976 earnings from overseas investments alone were greater than the entire trade deficit. In 1975 they were only about $150m. less than the deficit.

This year's first-quarter figures show a very different story and underline the change. Despite the fact that overseas earnings were up by nearly $1bn. to $3.2bn., they were unable to match a trade deficit of some *$7bn.* for the first three months.

The critics argue that the U.S. has actually been running a persistent balance of payments deficit for most of the past seven *years despite increasing income* from goods, services, Government grants, and individual money *transfers*—all of which are fed into the current account figures.

Apart from 1972, however, the current account deficit has been relatively modest since the start of the decade. *This year* it not only promises to be larger than in 1972, but there is less optimism that it *can be brought* down very rapidly. Mr. Blumenthal has talked of the need for greater export promotion, but it is unlikely that that can make very much difference in the short term. The main hope must be that the rest of the industrialised world will finally shake off the remnants of the recession, and that those that have surpluses will begin to le[t] them diminish.

Thus the argument about th[e] competitive position of the do[l]lar re-appears again. A littl[e] further depreciation might help but the markets appear as y[et] unconvinced that this is actuall[y] *what the administration wants* [as] a conscious act of policy. The[y] are concerned that the adminis[tra]tion has not yet made up i[ts] mind what it wants, and ma[r]*kets* do not like uncertainty.

In his speech Mr. Wallich [of] the "Fed" pointed out that it [was] slightly misleading to take th[e] trade weighted average value [of] the dollar as the touchston[e]. The latest Treasury calcul[a]tions—from May 31 up to Ju[ly] 4—show that despite intermi[t]*tent pressure* on the dollar du[r]ing this period, the trad[e] weighted average value of th[e] currency had only slipped [by] 1.2 per cent. But Mr. Walli[ch] said that this average was hi[d]ing a much more significa[nt] deterioration. "Capital flo[ws] *have been sufficient* to mainta[in] the effective exchange rate [of] the dollar," he said, "but t[he] effective exchange rate weighted averages contains [a] number of currencies that ha[ve] been notoriously weak. Again[st] the strong currencies of t[he] world the dollar has not, [of] late, maintained its value."

It probably is too early [to] say what long term implicatio[ns] the current U.S. deficits m[ay] have in the markets and el[se]where. The current acco[unt] deficit may be rapidly reduc[ed] as it was after 1972. Go[od] weather *may help to keep do[wn]* oil imports. Yet the U.S. is st[ill] going to have to import nea[rly] half its oil, export openings f[or] food grains have seriou[sly] diminished, and other Indu[s]trialised nations have w[hat] seem to be intractable proble[ms] *that they have yet to solve.* [In] the light of all this the prosp[ect] of a persistent dollar imbalan[ce] a prospect which has alwa[ys] caused concern in the pa[st] seems likely to be a continu[al] source of anxiety.

Army there to stay in Pakistan

THE NEW military regime in Pakistan has kicked off its career, like a great many other military regimes in the developing world, by promising an early return to civilian rule. General Zia-ul-Haque, the army chief of staff who has taken over as Chief *Martial Law Administrator*, declared in his first broadcast on Tuesday night that he had no political *ambitions and that* fresh elections would be held in October. That statement has won him immediate popular support. Pakistanis have no *wish* for another *bout of* military dictatorship having already suffered from 13 years of bungling under the military administrations of President Ayub Khan and President Yahya Khan. But General Zia, like other military leaders who get embroiled in politics, is going to find that pulling the *army out is a lot more difficult* than putting it in.

Deadlock

There are two main reasons that the army can offer in justification of the coup. The mess that Pakistan is now in is not of the army's making. It is due to the obstinacy of both Mr. Bhutto, the deposed Prime Minister, and the opposition Pakistan National Alliance. Mr. Bhutto realised too late that the only chance he had of remaining in power was to seek renewed legitimacy through fresh elections. The extremists in the PNA leadership, led by Air Marshal Asghar Khan, were determined to drive him from office at an apparently limitless price in loss of life and damage to the economy. The prospect that followed the deadlock in negotiations between the two sides at the week-end was of further bloodshed on the streets.

The second reason was that the more protracted the crisis, the more the high command risked bringing to the surface the resentment of the middle ranking officers at shouldering the unpopularity of Mr. Bhutto's government. The army cherishes the belief — only partly destroyed by the humiliating surrender in Dacca in *1971*—that it has a special role in Pakistan as the guardian of Islamic values in a Moslem *state. It feared* that it would be brought into disrepute by propping up Mr. Bhutto once it was clear he no longer had a national mandate. An important, *most of its 400,000* men come from the Punjab province. They showed an increasing distaste for shooting down their fellow Punjabis and for the mockery that *Punjabi* women hurled against them.

In announcing his goal as elections by October, General Zia has set himself a formidable *task.* By then he will have had to release from imprisonment politicians of both sides if the contest is to be free and fair. A Mr. Bhutto out of gaol, unfettered and on the campaign trail, will inevitably denounce this military regime that has overthrown *him* with the same gusto that he denounced the two previous ones he overthrew. Should Mr. Bhutto be kept in gaol, the Pakistan People's Party, which won an overwhelming majority in March, would be a ghost.

Tight rein

The PNA, a coalition of religious and regionalist groups, is too divided in its political goals *to provide an effective govern*ment. It would almost certainly need military support. The unhappy outlook ahead, therefore, is of a "guided democracy" under tight army rein of the type established by President Ayub Khan. The acclamation that General *Zia* has already received from senior Moslem leaders suggests that this is what they have *in mind* as well.

MEN AND MATTERS

Après Magnus Pyke

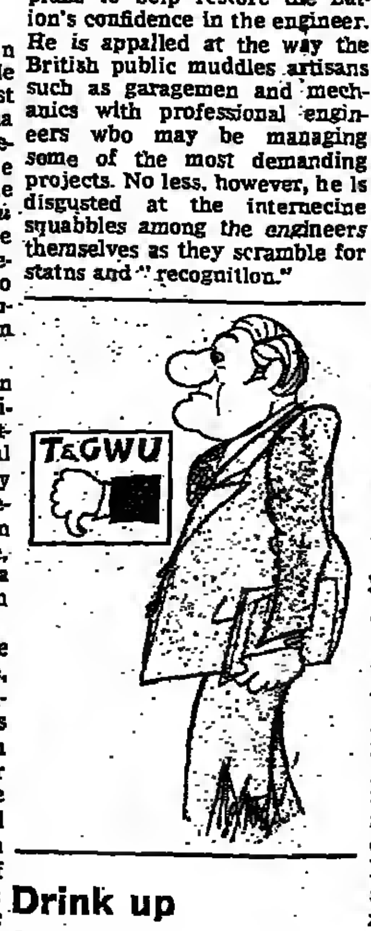
The story goes that a certain enthusiastic young Tory, made junior minister for the first time in *1970*, assembled the senior civil servants of his department and declared: "By the time I was 35 I had made £500,000. Now tell me what *you* had done." He went down the line until he came to the department's chief scientist, who produced a prize conversation-stopper: "I'd let off ten A-bombs."

That *scientist was Sir Ieuan* Maddock, who retired last Friday from an interim appointment as director of the National Physical Laboratory. Yesterday he was elected the new secretary of the British Association for the Advancement of Science, *an educative body which was a* classic product of the Victorian quest-for-knowledge age.

Maddock, 60, replaces the ubiquitous Dr. Magnus Pyke, formerly a food-and-drink scientist with Distillers, who has been secretary of the British Association for the last four years. The BA will miss the flamboyance of 68-year-old Pyke, the arm-waving television pundit and populariser of science. That goes on, and he is also keen to extend his *public* role to TV advertisements: "I'm not afraid of the commercial world. After all I spent years at Distillers maximising the production of *whisky*," he said last night.

Maddock, former assistant director of Aldermaston who played a key role in the development and testing of Britain's nuclear weapons before entering Whitehall in the mid-1960s, brings no mean flair of his own to the new job.

High among his priorities are plans to help restore the nation's confidence in the engineer. He is appalled at the way the British public muddles artisans such as garagemen and mechanics with professional engineers who may be managing some of the most demanding projects. No less, however, he is disgusted at the internecine squabbles *among the engineers* themselves as they scramble for status and "recognition."



Drink up in time

Bristol has the *lowest* number of convictions for drunkenness in Britain and perhaps that's as good a reason as *any for* choosing it as the venue for "the first truly worldwide wine fair and cultural festival."

A lot will depend, of course, on *how* the event stands up to the unkind English licensing laws. The plan is to open the fair to the public from noon till 4.30 and from 6.30 till 10.30, most of which will be normal "opening hours." Those taking part will be able to sell their wine from their stalls or from a wine supermarket which will be an integral part of the fair. But there will still have to be an extension to the usual licensing hours if the exhibitors are to be able to sell all the time and not confuse the Continentals by saying "We are open for business but we can't sell you any wine."

The Lord Mayor of Bristol, in London yesterday to *launch* the fair, said he was on a year's sabbatical from the *JPs'* Bench. "But I feel that any reasonable request for an extension (to licensing hours) will probably be given a reasonable reception," he said cautiously.

Speaking of humour

Willie Whitelaw, deputy Opposition leader, was in good chortling form yesterday after winning, to his considerable surprise, an award from *Building* magazine for the best after-dinner performance. After he had discussed the whole business of humorous speaking (to be avoided in general in the Commons, he thought) I asked him whether he had been smothered in Irish jokes while Secretary of State for Northern Ireland.

In fact, his funniest story was a true one. A man came to his office demanding to see Whitelaw alone. Eventually this was agreed, and after much hesitation, the *man said* his point was so secret, would the Secretary mind him speaking in a foreign language?

An uneasy Whitelaw assented and the man chattered away in what sounded like broken French. Whitelaw understood not a word, but thought it wise to promise to give the matter his full attention. A month or so later, a letter arrived from the man—with profuse thanks to Whitelaw for taking just the steps asked for. A man of action indeed.

Charity begins at home?

Why has the Abbey Life Insurance Company decided to make a substantial donation to the Western Orchestral Society of Bournemouth? The answer, according to the company, is to demonstrate its view that "support for, and participation in, the cultural activities of Bournemouth *was an* integral part of its philosophy."

But why Bournemouth? The answer lies in the person who first suggested that Abbey Life should join him in such a donation—none other than Bournemouth-born Harold S. Geneen, chairman of ITT. Abbey Life happens to be a subsidiary of ITT.

Word imperfect

Owen O'Brien, general secretary of the National Society of Operative Printers Graphical and Media Personnel, Natsopa for short, has just had to write a brief, but under the circumstances, embarrassing letter to his members. "Owing to an error at the printers, the July 1977 issue of the Journal has been printed with last month's date and volume number. This error is very much regretted," it said. Nobody's perfect.

Observer

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FINANCIAL TIMES SURVEY
Thursday July 7 1977

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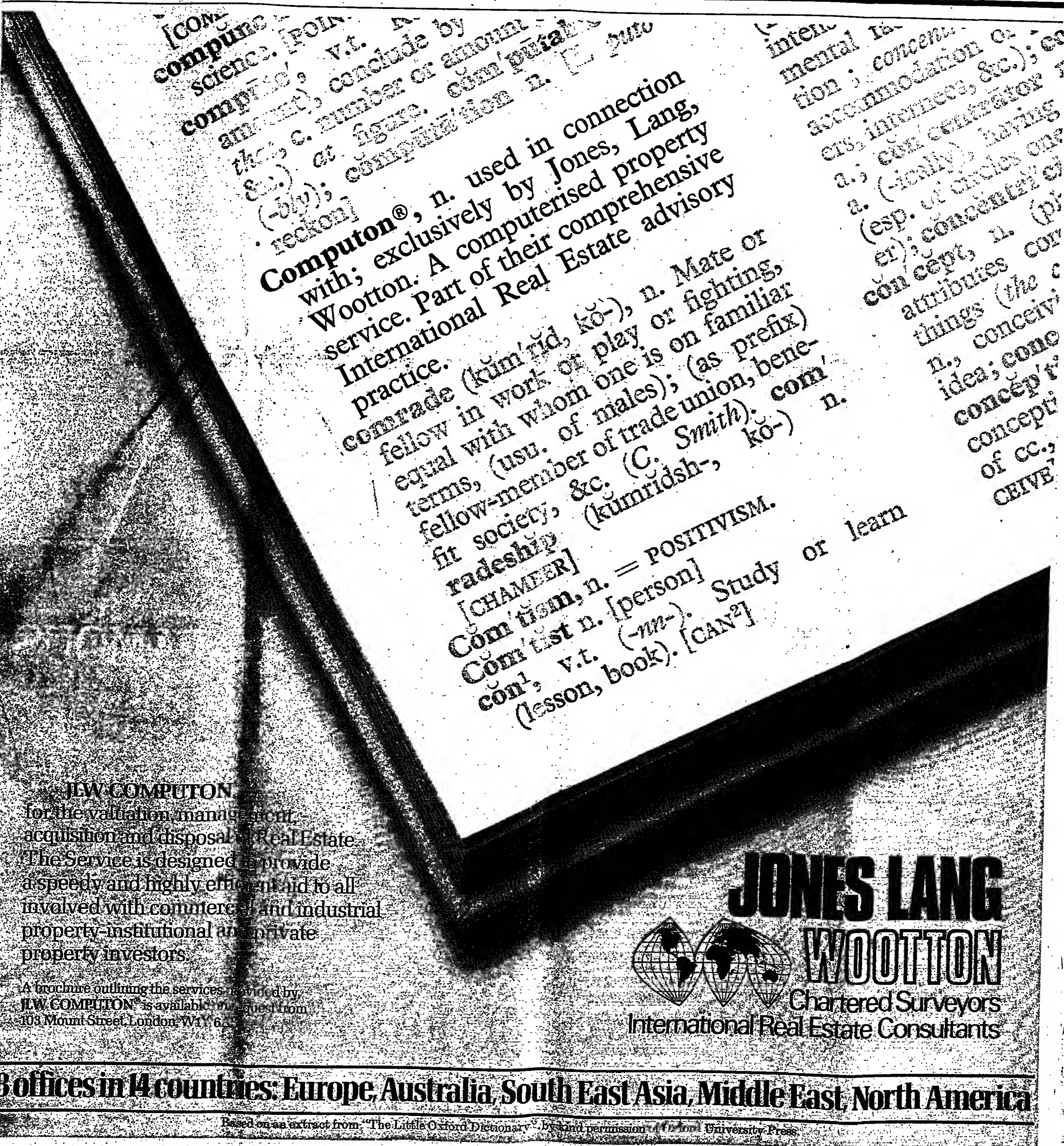
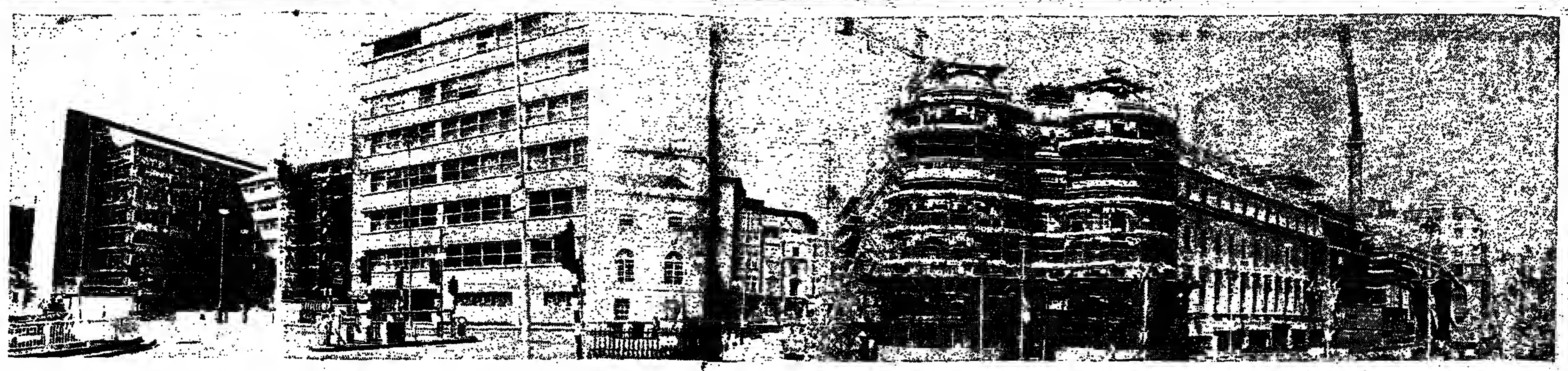
Property

The property market has remained in a state of fairly severe shock since the collapse of the early seventies boom. Now at last there is some encouraging evidence of revival. But this is as yet confined largely to the better class investments, and recovery in general seems likely to remain slow.



PROPERTY II



The former offices (left) of The Times newspaper which have been sold to Continental Illinois National Bank and Trust of Chicago for £7.25m. On the right is Coutts Bank, Strand, which is being refurbished while preserving the original facades and corner cupolas.

Signs of returning confidence

THE £45m. SALE of the Knightsbridge Estate, an increasing number of warehouse developments, more housing starts as mortgage funds build up in the building societies, and funding agreements for several large city centre retailing schemes are all recent indications of greater confidence in the property market.

The imbalance seen last year—with a build-up of institutional money seeking property investments, but little evidence of rental demand—has persisted to some extent. The weight of investment money is greater because of the smaller proportion of funds going into Government Stock. But there are now signs of rental increases which have been singularly lacking in most areas of the market since 1974.

So as an investment medium for long-term funds property has survived the crisis years in far better shape than the industrial equity market, and there is little doubt that British investment managers will continue to favour property more in comparison to their counterparts in most other developed countries.

The effect of the £1bn. or more which institutions will invest in property this year will be to underpin values which had become seriously distorted, first up, then down, during the first half of the 1970s. It is unlikely that the lessons of those years will be entirely forgotten.

But the cushion of stability which such long-term funds provide covers only the prime section of the market. If stability in the property market is desirable, with accommodation costs rising at around the same pace as inflation in other industrial and commercial costs, then the slow-down in new development must soon become worrying.

Already, for some types of property, it is clear that even a modest economic recovery in Britain over the next three years could produce another spiral in rental and capital values, tempting too much short-term money back into the property market. On the fringes of the market—for instance in the London flat-breaking business—some of the gambling money is already back.

But the caution of the clearing banks, still overlent to the property sector in the aftermath of 1971-73, plus the Government and Opposition's continued belief in different but in both cases historically high levels of tax on development gains, seem to provide enough brakes for the moment. What is needed is more confidence among the long-term investors in a gradual return to development activity rather than the chasing-up of prices for created prime investments. The strength of the funding market for speculative industrial schemes and for the large, and largely pre-let, shopping centres is a welcome sign.

The Government, largely influenced by the troubles in the construction industry, has now recognised that some incentives to step up development activity are needed. The technical changes made, such as the raising of the Office Development Permit limit from 15,000 square feet to 30,000 square feet, have been only part of the story. In practice, the relaxation of most kinds of planning restriction, at both national and local government level, has been much more pronounced than the formal measures announced indicate.

While unemployment has been the spur to change, and possibly only a temporary one, a more fundamental shift of attitude may be taking place. Although preservation will remain a powerful influence and site values stay high in areas favourable for development, politicians have at last grasped the message that the quickest way to create fortunes for a few developers—fortunes which are apparently unacceptable even to the Conservative Party—is to place too rigid restrictions on development.

The message of the Brown Ban Boom has been learned, and while Britain may remain overcrowded and overplanned, both factors escalating the cost of property, it may be hoped that the image of the developer as an anti-social influence to be opposed at every turn will be lost. The reduced though not extinct role of the pure property group, and the greater impact on development of the developer-contractor, the pension funds and insurance companies should assist this.

Measure

That these issues about the future role of the developer should arise so soon after the whole property market seemed to some to be permanently undermined in 1974-75 is a surprising measure of its recovery, an impression reinforced by the absence of any renewed crisis—except for some companies already virtually bankrupt in the escalation of interest rates last autumn. But the overhang of intractable financial problems left from the last boom and slump remain.

The main burdens lie with the clearing banks, including their contributions to disbanding the secondary banks, with a handful of foreign banks, with extra-mural bodies like the Crown Agents (which were improbably sucked into the market) and with the multitude of non-property companies who endangered or destroyed their trading future by believing quicker profits could be made in an area where they had no expertise.

In real money terms the liquidation of these assets has long passed the point of no return. For a time the possibility of an improvement in the market justified the hope that higher sell-off prices would cover holding costs. The hard fact is that very few of the assets being dispersed were of a quality to take advantage of increased activity in the prime investment market.

In a few cases, where companies have been strong enough to stay in business, the better market has justified holding assets until now. The most dramatic escape act has been played by Capital and Counties, culminating in its sale of the Knightsbridge Estate and part of its equity in the Victoria Centre, Nottingham. But then this was a specialist property company with some very high quality assets.

The position of liquidators, openly known to be forced sellers and sometimes with insufficient property expertise, and with secondary assets to sell, is totally different. Inflation and an eventual increase in demand will not take care of the bulk of the mistakes of the boom years, and the full cost will not be counted until probably the next decade.

It may yet be reduced by a combination of increased tenant or owner-occupier demand, and the signs of rental growth now justifying a decrease in prime investment yields must eventually produce some value rises in the secondary market. But tenant demand is still patchy.

The office market is the clearest example in contrasts. There has been an undoubted improvement in some cities which had suffered the most dramatic over-building. Birmingham in particular has shown a greater take-up of space in the last year and the other Midlands problem city, Leicester, has started attracting a few new tenants.

Lettings to government in some form have cut the overhang in cities such as Bristol, Norwich and Glasgow, but public expenditure cuts have now reduced the Property Services Agency's saving role for many regional developers. And there remains the severe embarrassment of good quality modern office space, reliant on private sector clients who are slow to come forward, in cities like Manchester, Leeds, Southampton and Bournemouth. Even in Edinburgh, an investment favourite since it appeared to be bucking the dull office trend for much of 1975 and 1976, the letting market has been soft in the past half-year.

London is still a mass of complications. Improved letting demand in the West End is reported and several large new blocks in the western suburbs have been let during the year. But there is still little evidence of real shortage on the west side of the capital and in the City, where the insurance sector has been the key factor in demand, only optimists would talk of a quick take-up of the dozen large modern blocks now being offered. Much tatty space on the fringes of the area—and subject to the City's high rates—appears virtually unlettable.

It is easier to see a steady growth in retail rather than office rents, bolstered as the former are by the survival of the prime pitches through the inflationary spiral of 1974-76. The High Street has got shorter, and with the complications of VAT coming as a final blow to many small off-pitch retailers, secondary shops have been a distinctly weak sector even in a weak market.

Institutions appear to have returned to their 1950s and 1960s belief that the best retail investments command a premium over even the primest office blocks, and the forecasts of an upturn in consumer expenditure around the end of the year appear to justify this. Equally, indications of rising industrial spending, even though slower and later than first looked the case, justify some of the faith placed by investors in industrial property.

Projects

Certainly the past year has been one where such prime industrial investments as came on the market were snapped up quickly, and many private development companies have continued to flourish with a controlled programme of warehouse projects. The evidence for some real rental growth on industrial properties is increasing, significantly so in some large recent pre-lettings to international companies, though it is also true that some favoured locations still have an abundance of unlet space. The areas around the two London airports are examples of this.

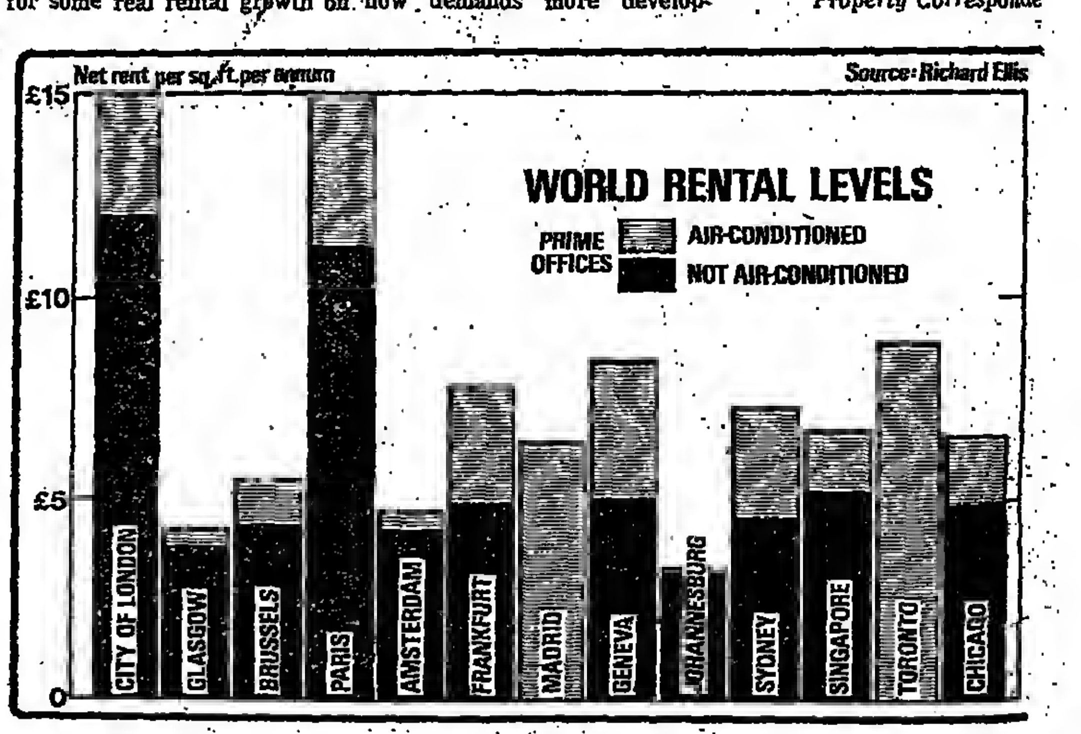
In most types of property then it looks as if some rent increases are likely over the next year. But in areas where it is still very much a tenants' market, takers of space will be reluctant to surrender the advantages in cost and lease terms which they have won over the past three years. With the pure supply-and-demand nature of the property market, there is no question of rental increases merely because of increased supply costs in land or building. Nevertheless, the apparent 20 or 30 per cent. gap which existed last year between development costs and the likely capitalised value of the rented properties appears to be narrowing.

There can of course be no such generalised margin, and in certain areas the price of development land, even with the full impedimenta of Development Gains Tax on it, has risen in such a way as to show that development is already believed to be viable again. It is not just the construction industry which will benefit by a gradual increase in such activity, because the property market as a whole now demands more development as the next stage on it[s] path to recovery.

A strong investment marke[t] with no signs of rental growt[h] and almost no developmen[t] activity was a position whic[h] could not last for long. Th[e] rental growth may now begi[n] though with tenants perhap[s] more resistant to increases tha[n] ever before, and an increas[e] in development activity woul[d] provide some insurance agains[t] the market again becoming m[...] balanced. A longer period [of] stability is still badly needed t[o] ensure that property does n[ot] once again become a politicall[y] emotive word.

Meanwhile the survivors [of] the holocaust brought on b[y] political intervention, unwis[e] bank lending and the collaps[e] in tenant demand may loo[k] forward to easier and more co[n]structive times. To find on[e] pure property share (Capit[al] and Counties) and one with [a] large property element (Hay[s] Wharf) among the top ten pe[r]formers in the first half of th[e] year, and the property sha[re] index up 38 per cent. again[st] an All Share Index rise of [...] per cent., are further signs [of] returning confidence. But th[e] property market can only refle[ct] more general economic factor[s] and for the next year must ta[ke] its cue largely from the rate [of] revival in British industry an[d] commerce.

Quentin Guirdha[m]
Property Corresponde[nt]



Links with economic trends

THE PROPERTY industry's fortunes were closely tied in with the development of the 1972-73 economic boom and subsequent recession, so will there now be a sustained recovery in line with the expected pick-up in economic activity from the autumn onwards? Yes, but only to a limited extent seems the best assessment at present.

The relationship between changes in the economy as a whole and property is seldom straightforward as there are so many intervening layers and time lags before a change in, say, output affects the demand for space or rents. But certain tentative connections can be suggested.

There is no dispute, for example, that the supply of bank finance and interest rates has a major importance for the level of values and for development activity. Indeed the 1972-1973 boom can largely be seen in these terms: the recent report of the eight "Wise Men" of the Organisation for Economic Co-operation and Development under Professor Paul McCracken noted that, "it was the excessive rate of monetary expansion which accounted for the speculative features of the subsequent (1972-73) boom. The price of real estate, gold and other traditional havens of nervous capital in inflationary times soared . . ."

While these remarks refer to the industrialised countries generally they apply in particular to the U.K., with the extra twist provided by the supply/demand imbalance in central London. Similarly, the subsequent rise in interest rates and change in bank lending policies played a crucial part in ending the property boom. The shake-out and adjustment of balance sheets has, of course, taken a long time, partly because of the delaying tactics of the Bank of England's secondary bank lifeboat. Indeed the continued vulnerability of the property sector to short-term fluctuations in monetary conditions was exposed last autumn; following the sharp rise in Minimum Lending Rate to 15 per cent. investment yields rose, property shares fell steeply and two developer/housebuilders collapsed almost immediately.

However, the connection between short-term interest rates and property values — and, in particular, investment yields — is indirect. Although investors' attitudes to the various returns are clearly inter-linked and the two series generally move in the same direction, there are often time lags. Yields were still falling during 1972-73, reflecting the rapid actual and anticipated rental growth of the period, even though interest rates had started to rise.

Narrowed

At present, the monetary environment is not favourable to a renewed rapid expansion in property values, even if other influences supported such a trend. Although interest rates have fallen sharply from last autumn's crisis level — with Minimum Lending Rate down from 15 to 8 per cent. — few commentators expect any further significant decline in the near future. The gap between U.K. and U.S. rates has already narrowed considerably and the authorities will be reluctant to see any further major erosion in view of the uncertainties over the future rate of earnings growth after the end of the phase two pay policy.

Indeed the Bank of England has warned that interest rates could rise if the hopes of a reduction in the rate of inflation are not fulfilled. The rapidly emerging surplus on the current account of the balance of payments should prevent too early a repetition of the pressures on sterling so familiar in recent years. But even so interest rates look unlikely to decline significantly in the next few months, and the next move could even be slightly upwards in the view of the more pessimistic City observers.

The decline in interest rates from the levels prevailing between 1973 and 1976 has already bolstered a significant revival in the investment market — even if this is one reason among many for institutional activity — and has also eased the cash flow problems of many companies.

The existence of firm Government monetary targets — in particular the 9 to 13 per cent. range for sterling M3 during 1977-78—also limits the scope for a rapid rise in property values. This is partly because of the direct implications of this target for Government sales of debt and interest rates and also indirectly because of the revival of qualitative controls over lending. Given a continuing large, though falling, public sector borrowing requirement, the monetary target has involved a return to priority categories of lending and property has been placed firmly at the bottom of the list by Bank of England instructions.

Aside from monetary factors, developments in what Mr. Denis Healey, the Chancellor of the Exchequer, likes to call the "real economy" will clearly be of considerable importance. Here again the connections are indirect: a risen Gross Domestic Product does not necessarily mean anything for property, it depends on the nature of the expansion. Thus North Sea exploration and development has had a relatively limited impact on the property industry compared with its effect on the economy as a whole. This is not to deny that North Sea activities have not made a massive impact on property values and development in parts of Scotland, notably Aberdeen.

But it is difficult to draw any clear-cut conclusions. Thus, according to the Richard Saunders figures, the amount let in the City of London rose by about a tenth between 1974 and 1976, though output in the economy as a whole fell. Admittedly much of this letting activity reflects a movement between offices within the City but it does suggest that the connections are more subtle than might appear at first glance. The reason for the sharp growth in unlet space was, on this view, primarily because of increased supply.

Similarly in the shop sector, even though retail sales are at present very depressed and at their lowest level for five years, activity in the shop market has been picking up. This had, however, been confined to the prime multiple positions, reflecting an increasing imbalance of supply and demand in view of the virtual halt to new city centre redevelopment. Local factors are naturally very important: the tourist boom, aided by the fall in the sterling exchange rate, has boosted central London shop values.

A revival in the economy will obviously help in both the office and shop sectors though the upturn is likely to be much more limited than in the early 1970s. Two leading firms of City stockbrokers earlier this week projected a rise in consumer demand of around 3 per cent. in real terms next year (after a further slight decline in 1977), but this is likely to be less important for prime city centre rents at least than the impact of the curtailment of new schemes. (The brokers' analysis points to a particularly sharp revival in spending on consumer durables after the cut-backs of the last 12 months.)

Time-lag

On the office side, it is arguable that there is a clear time-lag between an upturn in output and increased letting activity. However, the very favourable competitive position of some of the major service industries as a result of the depreciation of sterling may mean that their growth is above average. Indeed there have recently been signs that service sector employment has been rather firmer than in manufacturing.

The implications for the City of London are mixed. The major international activities should certainly be more expansion minded and this has already been seen in both the continued buoyancy of letting activity and of rents in the insurance area around Lloyd's. However, the more domestic activities of the City may not want much more space, though, here also, the multitude of other influences such as the falling-off of new development, lease reviews, reversions, switching between offices and more space per employee are equally if not more important.

The other major influence is investment: the recovery has been very slow so far but most economic forecasters, including the CBI are agreed there should be a major rise in capital spending next year, possibly of as much as a tenth in real terms.

But this will lean heavily on manufacturing — up 18½ per cent. in real terms next year according to the CBI rather than distribution or retailing.

Within this recovery, the first build-up will be in spending on plant and equipment with investment in new buildings coming later in the cycle, though the recovery here is still likely to be relatively large next year. The opportunities for developers intending to let may be limited, not only by the emphasis on manufacturing and hence, on owner occupation, but also by the uncertainties of the Development Land Tax. Given these provisos there should still be a recovery in industrial development by property companies.

The economic prospects, of course, turn on whether the rate of inflation is brought down. Although a wage explosion might be temporarily beneficial for property by boosting consumer demand and the inflows to pension funds, this impact would soon disappear in face of a renewed depression of output, increased unemployment and rising interest rates. Indeed as the qualifications during the discussion of the economy and property make clear, real estate is not automatically an inflation hedge. Although monetary expansion as in 1972-73 can certainly create the conditions for a temporary boom, the longer-term rise in values has been created more by planning and locational conditions.

Peter Riddell
Economics Correspondent

Political change of heart

FOR THE past three years — ever since Mr. Anthony Barber, under a Tory Government, closed down the property industry by a rent freeze — annual assessments of the political outlook for property have been nothing but grim. But over the past few months winds of change — or more accurately, intimations of breaths of change — have begun to blow through local and central Government. Parliament, Whitehall and city councils are being forced to wake up to the exigencies of the belaboured economy. The bogey of property speculation is losing its power to frighten.

For the first time in three years the property industry is not steeling itself to face yet another piece of legislation designed to make its "pips squeak." If anything, the industry is beginning to raise its head and surreptitiously wonder if the blitz is over.

Not too much should be read into this sense of relief, however. The industry is still affected by the inclement economic weather; it has not yet fully freed itself from the financial toils it wound about itself in the early 70s; and it has not shrugged off the inheritance of the spate of legislation enacted during those days when property was Government's number one whipping boy.

But some of the darkness has lifted. It is becoming steadily more obvious, for instance, that the Community Land Act (CLA) is beginning to crumble under the weight of its impractical idealism and poor drafting. These weaknesses had brought it under attack from property men right from its inception, but we now have the spectacle of its being denounced by a truly independent body, the accountancy profession.

Repeal

A fortnight ago the Consultative Committee of Accountancy Bodies called for the repeal of Development Land Tax (DLT). In a submission to the Inland Revenue based on their experience since the tax came into force last year, the accountants reiterated the view that the introduction of DLT was unnecessary since existing legislation contained adequate measures for taxing the development value of land.

Moreover, because so little land has been purchased with local government funds under the Community Land Act, the accountants claim that one of the main reasons for the introduction of DLT is proving to be no longer valid. They conc[lude] by saying that DLT legisla[tion] could be repealed without red[uc]ing the yield to the Excheq[uer].

Certainly the Treasury [is] showing some embarrassm[ent] that the forecast revenue f[rom] DLT of £1m. in 1978-79 c[om]pares with expenditure [of] £950,000 already incurred.

This is not the only c[rack] appearing in the legislation. [It] began to suffer when the Ch[an]cellor reduced the amount l[ocal] authorities were allowed [to] spend on acquiring land un[der] CLA by £35m. More import[ant] it began to lose both momentum and its raison d'ê[tre] following a quiet word f[rom] Whitehall to local authori[ties] last March that their roll[ing] programmes of land acquisi[tion] should be suspended for a y[ear]. If they wanted to continue b[uy]ing land under the legislat[ion] they should concentrate [on] units which could be sold after a short interval of t[ime] and which had a reasona[ble] chance of turning up a profi[t].

At the same time Mr. Free[son], author of the Act, was claim[ing] that CLA was a success. [He] pointed out that in its first y[ear] some 1,571 acres of land [had] been acquired under its pr[ovi]sions; 832 acres for housing, [...] acres for industrial devel[op]ment, and nine acres for c[om]merce. This, he said, was hig[...]

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Slow improvement in investment

RITING AS chairman of the 08m. Pension Fund Property ait Trust (PFPUT), Mr. Cecil iker said in his annual report at the property investment arket passed through three stinct phases during the past ar. "Until the autumn there as a firmness of prices but ttle activity as investors were aiting to see what action the overnment would take to ieck the rise in inflation and e weakness of sterling. The bsequent increase in Minimum Lending Rate in ovember led to a marking own of property values of the rder of 10 per cent., although iere were not any substantial eals transacted."

After the IMF negotiations ere completed Mr. Baker reorted "greatly renewed ctivity and rising prices. The mount of money available for vestment has brought about fall in prime office and shop ields to under 5½ per cent. nd prime industrial yields to nder 7½ per cent. At these vels it is necessary to be parcularly cautious in making ew investments."

Those words ... isely a period when the nterest rate increases of last utumn now appear as only the riefest of interruptions to a teadily increasing demand rom institutions for prime properly. Brief though the nterruption was, however, Mr. aker also had to use his report to castigate those unit olders, apparently ignoring he long-term nature of property investment, who redeemed their units during the eriod of uncertainty in the utumn.

Subscribed

A balance in a fund as well tablished as PFPUT of 8,281 its subscribed during the year ainst 2,765 repurchased ows, one suspects, not so ich the frail nerves of some vestment managers but the more active way in which ey now handle their property rtfolios. Exempt unit trusts se this are of course always ely to bear the brunt of this tivity, with sales or purchases units a simple way to alter fund's property exposure.

But the degree to which individual direct investments are w being traded, not locked ay for ever, is among the nificant changes which have come apparent in the past o years. (To take an example m PFPUT itself, its largest gle investment, City Gate use, was bought from the ectricity Supply Nominees nsion Fund.) A different tern of liabilities and differ views on future growth ential are starting to add a w dimension to the investnt market, with the ownerp of buildings no longer ranteed to pass from the eloper to the investing fund never appear on the market in.

Similarly, though no statistical dence on the subject can be ed, it seems that a greater portion of many funds is w being utilised to improve sting investments by buying outside leasehold or freehold interests and releasing their marriage values.

These alternatives to the primary investment market become of greater significance as the problem of too much money chasing too few new investments becomes more acute. The build-up of funds has in the short term come from the smaller proportion of insurance and pension moneys devoted to the gilt-edged market. With the equity market, apart from the surge in the first quarter of the year, not yet attracting heavy net investment from the funds, the property sector looks certain for the rest of the year to benefit from a high level of investment.

Anticipating something of a rush into property in the autumn, the first half of the year has seen some major fund managers admitting to a desire to get their money into investments before yields are chased down to what they find unacceptable levels.

Taking the slightly longer-term view, it can also be seen that as the number of prime investments offered by desperately degearing property companies begins to dry up, there must be further pressure on the supply side of the investment equation.

Something has to give, and despite the more active trading of investments and the improvement of existing ones, the next year may see less restrictive criteria applied to new purchases by some funds. A partner of Richard Ellis, which this week produced its annual investment report, says, "One thing I'm sure will change over the next 12 months is that people will realise you can have a much broader definition of 'prime' without buying rubbish."

There has for some time been a body of opinion that felt that with prime yields reduced to around 6 per cent. for shops and offices, it seemed unnatural that secondary investments were selling at something close to money rates. Now interest rates have come down, the distinction may appear even more artificial.

The Ellis report states that "Undoubtedly, to obtain the greatest degree of rental growth, the location of the investment, whatever its type, is of paramount importance. At the present time, however, institutions are restricting the category of 'prime' not by location but by extraneous, and in many cases, immaterial circumstances.

"For example, although a freehold investment is more desirable than a leasehold, there appears to be an inordinate degree of discount against the latter, particularly below a 99-year period. Rent review patterns, if greater than at five-yearly intervals, are discounted far more heavily than the arithmetical or analytical calculations would dictate. Any building with management problems, such as lack of contemporaneous leases, multiplicity of tenants or internal repairing covenants, tend to be positively rejected, or at least inordinately discounted.

Disservice

"We take the view that the investment market is doing itself a disservice by taking an investment approach along these restrictive lines and that merely to reduce yields further upon a narrow front is inappropriate."

As it happens, a rival agent, Jones Lang Wootton, has also this week produced an investment paper, specifically on supermarkets and superstores, which also suggest some widening of the range of investment.

Supermarkets have seldom been favoured by institutions, simply because the pace of change in the self-service revolution in retailing has quickly outdated some sizes of store (in 1955 when J. Sainsbury opened a 7,500 sq. ft. sales area supermarket in Lewisham, it was the largest in Europe). But one conclusion of the JLW report is that the 15,000 sq. ft. supermarket, providing it is in a fashionable shopping centre with adequate parking, can more properly be regarded in investment terms as a large shop. Its research indicates an annual compound growth rate for such supermarkets of 10 per cent. over the past 14 years (against a prime shop unit's 13 per cent.) with the performance over the past six years being at 18 per cent. (prime unit 17 per cent.).

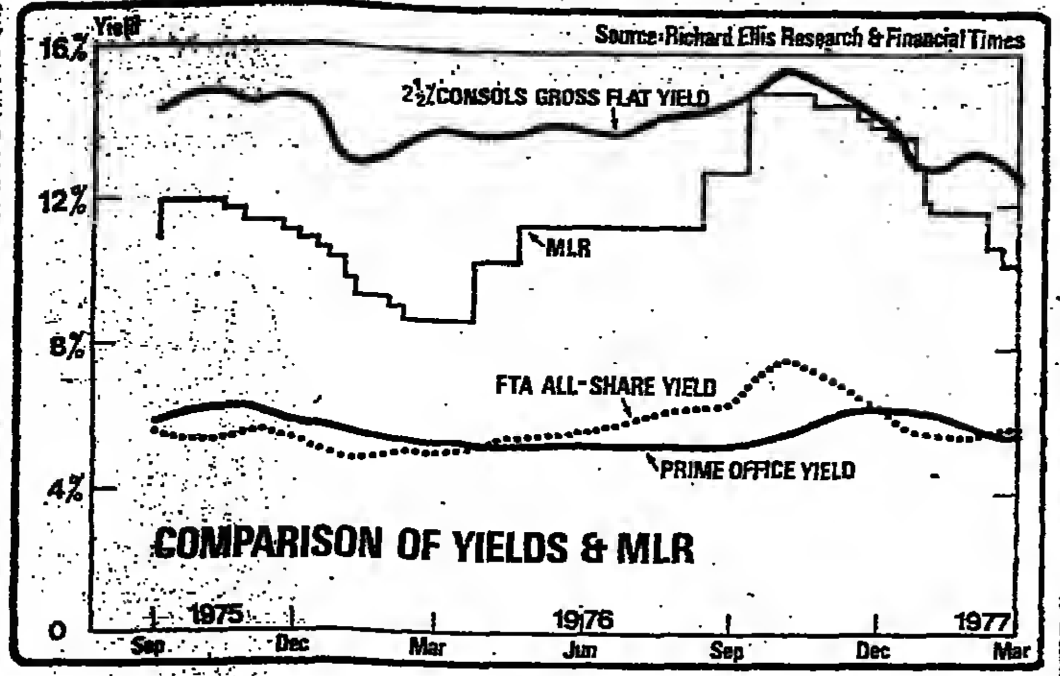
While JLW see such small supermarkets as filling the essential need of having an alternative use, it retains the natural reluctance to go much further up in size or to out-of-town stores without the benefit of exceptionally strong covenants and higher initial yields. But some slight widening of the field for prime investments seems to be implied.

Given the strength of investment interest in shops during the past two years, there must be some reluctance to buy at yields already close to 5 per cent. in some cases. It may similarly be the case that with industrial yields reduced to nearly 7 per cent. for the best warehouses, there will equally be a movement towards accepting a less rigid definition of prime for this sector.

So far, however, while the balance of some funds has seen a swing from 10 or 15 per cent. of the portfolio being in industrials to something around a quarter, there seems little evidence that the traditional yield gap between industrial and shop-office investments has significantly narrowed. Rather, has confidence been expressed in a willingness to fund forward speculative industrial schemes or to enter the development market direct.

While the dangers of too strong an investment market are widely talked of, there still appears the likelihood of a further reduction in initial yields for the traditional favourite investment properties over the next year. The rationale for going below 5 per cent. will be that where the early 1970s purchases at such yields were wrong was that historically low yields were allied to historically high rents. Now, it is argued, with rents low the potential growth to justify such yields is clear. Even so, many funds will be looking closely for higher yields in a wider range of properties.

Quentin Guirdham



Political

CONTINUED FROM PREVIOUS PAGE

n budgeted for in the first ar. What he did not say, and at is now disillusioning local thorities which want to make e of the scheme, is that of the 2 applications made for purase under CLA, 289 were rned down.

Yet another crack appeared the structure of the legislan when it was found to be ubiting institutions from ding publicly desirable iemes carried out by local thorities themselves. The shot of the Post Office Staff perannuation Schemes' highly blicised withdrawal from the ashington town centre was an endment to the Finance Act ich allowed development its to be offset against the parent gain following a sale d leaseback (which is reded as a deemed disposal).

The final question of whether ance costs are to be allowed part of the legitimate deopment costs is still untled, but with the powerful titutional lobby to press the int, there is a good chance of ir being included.

Meanwhile the Tory Party ems to be in the mood finally create a real policy concernland use. For too long the lustry has looked in vain for y reassurance from the Convatives that they understood realities of building and re prepared to formulate actical ground rules for velopment. Now Mr. Hugh Rossi, the Shadow spokesman on planning, has made it clear that the Tories will repeal the Community Land Act and replace DLT with a 50 to 60 per cent. tax on windfall profits from land sales. The British Property Federation (BPF) has always gone along with this.

However, there is some consternation about another promise from the Conservatives —to "scrap the ODP system altogether." This promise is the Tory reaction to the new awareness in both parties that the policy of encouraging decentralisation at the expense of the inner cities was a misjudgement.

The Government has now made it clear that one of its top planning priorities is to try to remedy some of the ills which the old emphasis exacerbated. The schemes proposed range from direct grants to the inner cities to encourage industry and commerce to return, to the raising of the floor area requirements whereby proposed developments require Office Development Permits.

More recently some local authorities have even proposed that small companies be offered special incentives to establish themselves in the old centres. The most favoured notion is freedom from rates for the first year or two.

Meanwhile the Conservatives want to see the ODP system scrapped altogether, a suggestion which has not met with whole-hearted support. One significant view was typified by Sydney Mason, chairman of the Hammerson Group, who pointed out that the ODP system had the effect of limiting competition in an area among would-be developers. "I would rather have our planning restrictions than open competition," he said.

Only one other proposition, this time not directly from within the political parties, is giving rise to concern. This is the concept embodied in current cost accounting (CCA) that buildings depreciate. Depreciation of the property portfolio of property companies runs contrary to the whole concept of British real estate investment—that properties held for investment appreciate in value. Now, under the two relevant exposure drafts this notion is to be thrown away.

The problem is a serious one for property companies whose profits are already minimal if they exist at all, and whose attractions depend on their appreciating assets. The one crumb of comfort is that the accounting profession itself remains heavily divided over the introduction of CCA as it is presently formulated and the looming argument will at least stave off the implementation of the proposed rule on depreciation. In the meantime the BPF is mounting a major campaign, in co-operation with the institutions, to have investment property regarded as a special issue.

In other areas where politics and property are intertwined there are other refreshing signs. It is significant, for instance, that the Government rejected out of hand the recommendation of the Layfield Committee to re-rate agricultural land after a 30-year freedom from rates.

It is significant, not just for the housing sector, that the newly published *Housing Policy: A Consultative Document* proposes to maintain tax relief on mortgages and even suggests bonuses and grants for first-time home buyers. The same document shows realism in suggesting a continuing role for the private landlord and in proposing a "cost control" systems to replace the "housing cost yardstick" on council building.

Altogether, while there has been no drastic change in the fiscal and legislative burden on the property industry, there are definite signs of a change of heart towards the building of offices and factories, and a reiteration of the place of private housebuilding. For the first time in three years, therefore, the property industry has time to draw breath at least and possibly to gain a little confidence.

Christine Moir

Bank lending declines

BANK LENDING to the property sector has been falling steadily from the peaks reached at the height of the boom. The latest figures published by the Bank of England showed that over the 12 months to the middle of May this year sterling loans to property companies had dropped by £172m. to £2.18bn., representing about 8.7 per cent. of total bank lending to U.K. residents in sterling compared with over 10½ per cent. a year earlier. The decline is in line with the present priorities which the banks are expected to observe under the official guidelines on lending. And it would have taken place more rapidly if it had not been for the continuing problems in the property business and the need for the banks to adopt a relatively tolerant attitude to some of their customers in this sector.

The special difficulties of the industry were recognised by the Bank itself when it first set out its guidelines to the banks in December, 1975. These called for priority to be given to finance for manufacturing industry and for exports, while requesting restraint in lending to the personal sector and to support purely financial transactions. In this last category, however, the property companies were singled out for special mention. The restraint in lending to this group, the Bank stated, should be exercised "as strongly as is compatible with avoiding aggravation of the present difficulties of such companies." This guidance, which has been re-affirmed since, was no more than a clear recognition of the special character of the problems hanging over in the property sector.

Inevitably, in any discussion of the present state of finance for property, the major issues arise largely out of the recent history of this business. The over-enthusiasm of the boom period has made its mark on the clearing banks themselves, in the form of the heavy provisions which they were required to make against doubtful debts: by last year, though, they were able to feel that they had done enough to cover any possible losses and that the direct impact on their results was therefore past.

It is universally recognised however that the weaknesses of parts of the property sector and the difficulties of those banks which were particularly heavily involved in speculative finance are a long-term issue which can only be overcome with a great deal of patience. The banks, with official support, saw and still see no point in forcing sales of properties on a weak market when there is a chance that in time they will be able to get back a more substantial proportion of the funds committed, but they have to be prepared to sit and wait.

The point is particularly underlined by the situation of those secondary banks which were heavily involved. The big clearing banks themselves did not escape the backwash of the collapse of the property market; but they maintain that they avoided too heavy a commitment to the lower quality properties. In any case, the proportion of their funds which went into this sector was never that great — in terms of what might be described as purely speculative activities perhaps no more than 6 per cent. or 7 per cent. — while the banks on the fringe were far more seriously involved. The effects have been seen, for example, in the situation of First National Finance Corporation with further capital provisions of some £29.1m. last year. There has been little movement or change in the market to indicate that these problems will soon go away.

Special

The amount of bank lending, though it has fallen substantially in relation to the total and to the general level of inflation, has been to some extent kept up by this special situation. Good quality commercial properties and finding a market among the big institutional investors and permitting a substantial amount of de-gearing by a number of companies. But the demand remains very selective and the properties of lower quality are stuck. In consequence, it is still the case, particularly when interest rates were as high as they reached late last year, that banks are having to roll up interest payments for their most troubled customers in the property sector, adding to their commitment until such time as it becomes possible either to sell off or to achieve rentals sufficient to cover the financing costs.

At the same time, very little new lending is taking place to support speculative property development in the commercial sector. The banks themselves are not interested in undertaking any renewed increase in this area, given the fact that they are already faced with what one banker described as a "hard slog" in sorting out the existing situation, and the official directive would in any case prevent them. Moreover, they still find that there is little demand for such finance.

Some bankers suggest that there are beginning to be signs of at least a narrowing of the gap between supply and demand for commercial property, even to some extent in London. The institutional investors are prepared to buy only the very highest quality property, in the right place and with good covenants, and bankers report that there is not enough of this available for them. Elsewhere, some smaller properties, they say, are beginning to move, and they are starting to get propositions from property businesses taking advantage of the difficulties in the market to pick up cheap investments. But the progress in the market is very slow and even if the banks were looking for business they are not generally being asked to put up funds to support commercial property development for speculative or investment purposes.

The banks also make the point, though, that their total involvement in the property world does not cover merely the speculative activity which was the main object of criticism. It is impossible to separate the different categories out precisely, but their lending also includes other forms such as housing estate development and loans to housing associations as well as activities which are essentially part of their support of industrial companies rather than speculative business. In some of these areas, moreover, the big clearing banks are continuing to be quite active.

Steadily

Housebuilding is one area which has gone on quite steadily. The building trade has had a difficult time as a result of the combination of the high prices which were paid for land at the peak of the boom, and the subsequent impact of high interest rates and the inflation of costs. Those which acquired large land banks at the top of the market are in many cases still unable to recover the costs in the prices they are able to sell at. Nevertheless, the banks say, their customers in this area, while making little profit have, generally speaking, survived the pressures and are able to call on finance when needed. There are hopes that the Government's recent Housing Policy Review will in time lead to a steadier demand for houses and overcome some of the cyclical fluctuations which have damaged the industry in the past.

Similarly, bankers say that business is not at all bad in shop development. Small developments are still being started all over the country, and if they are well sited in an area where there is a shortage it is not too difficult to pre-let up to around 85 per cent. of the space. On this basis, the banks are quite happy to provide finance. The problem, they say, is often to let off the last 10 to 15 per cent. Lending is also being done in the area of factories and warehouses. Factories tend to be built by owners or with a specific purpose in mind as part of a policy of expansion or development by industrial companies.

To this extent, the banks regard finance for this type of building as part of their support of industry rather than as falling into the narrowly-defined field of property. The speculative element in this area tends to be warehouse development, an activity which continued to meet a fair amount of steady demand last year—though the banks say that potential occupiers appear to be rather more worried at present in the light of the state of the economy. However, this type of activity has advantages from the point of view of the developer and the bank in that it is essentially cheap to build and, like housebuilding but unlike commercial blocks and flats, can be switched off without too much difficulty if the market turns down.

The continuing problem area, therefore, remains the commercial properties, where the hangover of lower quality properties is the main cause of rolling up of interest payments. The solution can come only when the market is sufficiently strong to enable these properties to be sold, permitting the lender to recover his capital and at least part of the interest due. The most helpful factor here could be the sharp drop in interest rates in the early part of this year, if the current lower levels are maintained.

This has two benefits. In the first place, it directly reduces the burden of interest payments on the borrower and increase his chances of being able to meet them out of income: the fall in the base rates of the big banks from their peak 14 per cent. to the current 8½ per cent. has been an important source of relief. Secondly, lower rates should in time help recovery in the market for property itself. It was noticeable that investment interest slackened off when rates, and the alternative returns available on institutional funds, were at their peak towards the end of last year, but if present levels persist the prospects of unwinding some of the existing property commitments should improve.

Michael Blanden

The housing sector

PROBABLY MORE significant than the Housing Policy Review published last week was the Department of the Environment's Housing Condition Survey which came out a couple of days later. It is some indication that Britain (although the Survey's analysis is based on statistics from England only) can see some light at the end of that dark tunnel called "The Housing Problem." The problem will never be solved or simply go away—unless that is someone finds the perfect house design for the perfect community to be built in materials that will never decay.

But the Survey shows at least that many fewer people are living in sub-standard and degrading conditions than a half dozen years ago. On statistics gathered in 1976 the Survey shows that the number of slum houses has fallen to 794,000, of which 151,000 are empty, compared with almost 1.15m. six years previously. The number of dwellings without one or more of the basic amenities (inside lavatory, fixed bath, hot and cold water) has come down to 1.5m., a drop of over 1m. Of these 600,000 are reckoned as slums. Since there will have been further improvement in the year since the statistics were gathered it would seem there is a fair chance of a higher majority of the population living in better conditions than ever before, despite the cutbacks in public spending.

It must, therefore, be asked: just how much more housing does Britain need? It is undoubtedly true that there is a surplus if one simply counts the number of houses against the number of people in the country. But despite the welcome news from the DoE Survey it remains true that still far too many houses and flats are unfit or simply in the wrong place. Without a major shift in population there is no solution to the problem in mere redistribution of assets.

It is here that the Housing Review comes into its own. The emphasis is on self help and make do and mend. It is a consultative document rather than a White Paper or Bill although no doubt some legislation will finally follow. But it is a realisation that things in the housing world are at least going in the right direction. There is no hint of any major shift in housing policy or strategy. Indeed after the number of Housing Acts there have been since the Second World War that would have been the last thing that the country needed. The Review has received support from all political parties despite the necessary disapproving noises which had to be made in the House of Commons — indeed some Conservative MPs are putting around the joke that they wrote half of the Review themselves.

Approach

The common sense approach of the Review plays down the hysterical attitudes of the campaigning bodies who would have us believe that virtually everyone in the country lives in a sub-standard dwelling. It is based on a calmer approach whereby if we all keep our heads something nearer a lasting solution to the benefit of all concerned can be found.

It must be said that the thinking behind the Review of policy is basically in favour of those who want to buy and look after their own home. This is hardly surprising since poll after poll has shown that most people—and particularly young marrieds — would prefer to live in a house of their own rather than be dependent on the local authority or a private landlord. As far as the last two of these categories is concerned there is provision to be made for revitalisation and refurbishment although little mention is made of where the money might come from.

It is in the private housing sector however where no solution is suggested about where the extra houses might come from. Certainly there are the provisions for low start mortgages, higher percentage mortgages loan schemes and savings incentives which should give the potential buyer some glimmer of hope. But in fact do they add up to very much? £500 does not buy very much in the way of bricks and mortar these days. So the private building sector is still left to find its own solution.

Theirs is a very odd dilemma at the moment. The cost of building a house has gone up tremendously in the last couple of years. The house price index according to the Building Material Producers has gone up by 70 per cent. in the last 3½ years whereas the price of new houses according to the Department of the Environment has gone up by only 25 per cent. This produces a fairly large credibility gap and margins for most builders are squeezed very tight. The result has been a very poor rate of housing starts in recent years and this year's looks to be no better and even worse. Although the Department of the Environment have been predicting starts of 155,000 for this year according to the Housebuilder's Federation they will be lucky to see starts of between 130,000 and 140,000. This is hardly likely to to satisfy the demand for houses at the right price which is obviously there.

But there are signs in the last couple of months that activity might well be on the increase. Several builders indicate that they will be producing if anything more houses in the next 12 months than in the last 12 months. There is however a fear about the supply of land: there has been increased activity in land purchases in the first half of this year but most of this seems to be a reallocation of a pool of land already within builders' banks—a reallocation of bankrupt stock. Sellers of virgin land seem to be very reluctant to come forward.

But the basic problem for the builders is that they cannot build a house and sell it if someone down the road is selling a secondhand house at a couple of thousand pounds cheaper. The market basically has been in the doldrums since the end of 1973 and there has so far been little indication that prices will rise by anything as much as necessary to give the builders some hope. The scare talks about another boom seem indeed to have been put around largely by the builders for optimistic estate agents.

Notwithstanding this there are signs that the market is picking itself up by its own bootstraps. Prices are now increasing at a slightly higher rate than they have for a long time and most forecasts seem to agree that this will continue. If this is so the builders will again be in a competitive position. Given that the supply of mortgage funds remains as healthy as it is at present then the dream of wider home ownership could get us one step further in solving the seemingly intractable "Housing Problem."

Joe Rennison

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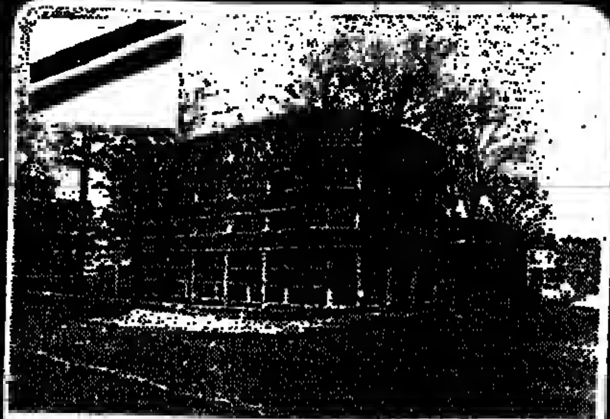

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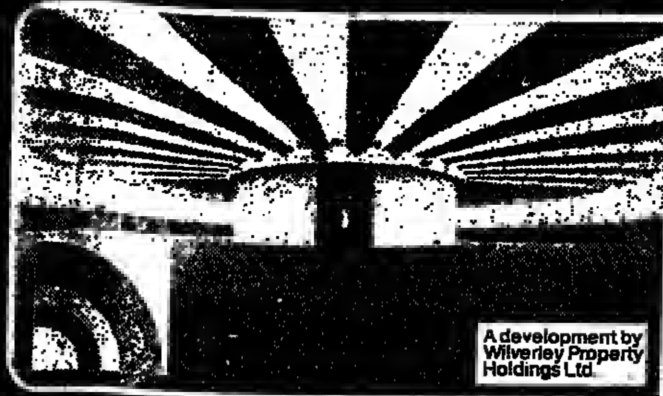

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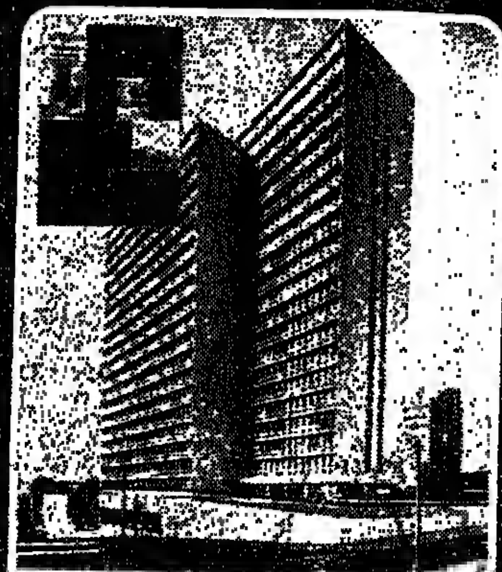

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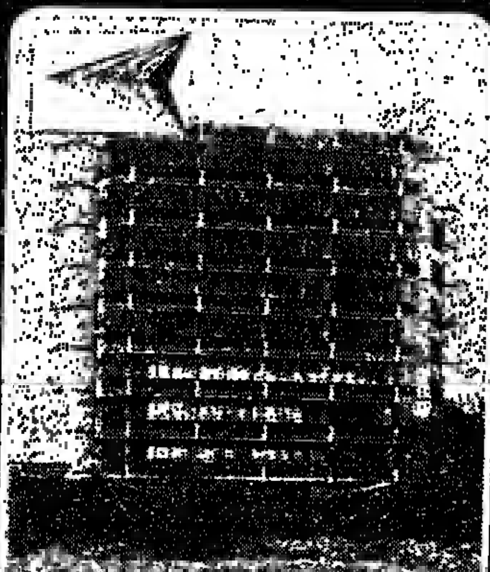

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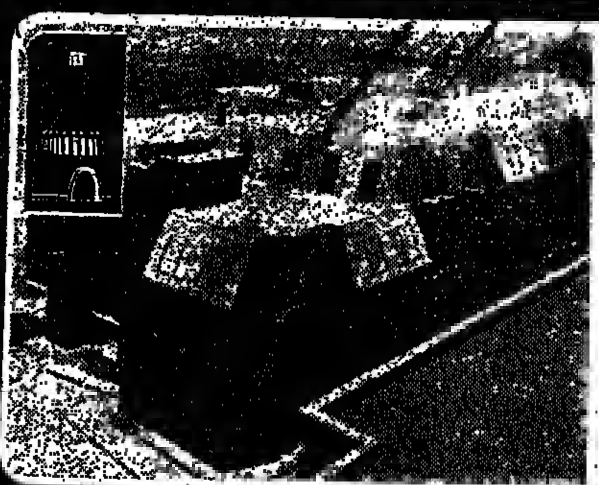

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Richard Ellis

Valuation problems abound

VALUATIONS, apart from a possible increase in the number of legal actions brought against surveyors, and hence a growing cost to practices in their indemnity insurance, have never been more crucial to the property market. The clear need for more uniform standards of valuation was established in the early 1970s. Its importance has grown considerably with the Government's approval of the intention to introduce some form of current cost accounting.

The basic principle of inflation accounting, that adequate depreciation should be provided for in the profit and loss account to replace fixed assets, applies directly to buildings. The fact that they last rather longer than the average piece of plant or machinery does not exempt them from "the relentless march to the junk heap." Partly, it is true, because of its tax system, the United States can be held up as an example of accounting systems which take full account of depreciation on buildings, including a fairly well-defined split between curable depreciation—what can be restored to value by refurbishment—and incurable depreciation.

The problem for the British style of property investment company has been clear from the start of the debate, with their existence based on a proven record that their assets—supported by leases which ensure the tenants maintain buildings in a far more tightly controlled manner than in, for instance, the U.S.—are appreciating.

To this problem is added the fact that the accountants themselves are now hopelessly divided on how CCA principles should be introduced. Exposure Draft 18, on which the Morpeth Committee proposals rested, has in the past fortnight been killed off.

Risk

So it is back to the drawing board, with the risk always that Government, having asked the accountants to produce a scheme, now imposes one of its own. But two or three years could easily elapse before there is any final settlement of the matter. Whatever that settlement is, it appears extremely unlikely that property investment companies will be able to gain the special exemptions to which they feel entitled.

But the immediate problem is, in a sense, even more severe. For ED 18 or no, ED 15, which concerns historic cost accounting, is coming anyway. And ED 15 demands depreciation on buildings without the compensating transfers from revaluation surpluses provided for in ED 18 to make good the decreased revenue due to depreciation charges. There is also the matter of backlog depreciation to be found from revenue reserves.

All major property companies are known to oppose the system. Land Securities' report claimed that "It is essential that the fundamental differences in the nature of property investment in the U.K. from that in the majority of other countries should be recognised. In recommending the adoption in the U.K. of a standard to align with the International standard on depreciation this distinction is not recognised and the proposals are inappropriate."

"The British Property Federation has been advised by all its major members, including your company, that they would be unable to comply with the U.K. standard for depreciation if it were based on the published International standard."

In other words, "Qualify and be damned." But whereas there might have been just a year between ED 15 and introduction of statutory CCA methods, so there would be a year of wholesale qualifications for the property company sector, that gap now stretches to two or three years. What the accountants' attitude will be is an interesting point, though they have been gentlemanly about routine qualifications on deferred and contingent tax liabilities. The Stock Exchange's attitude might also be relevant if, with new issues creeping back into fashion, any new property company wanted to get a quote.

ED15 will be introduced in September or October. It is still possible that by also stating what would have happened if depreciation had been charged, property companies will be allowed for a time to present their accounts as at present without qualification. They will also have the choice of depreciating leaseholds on a straight line or an annuity basis, the latter method cushioning the effects in the early years.

The arguments against any such depreciation are based on the fact that valuation alone should take into account the deterioration in a building and its effect on the future income flow from it. To consider deterioration separately from other factors affecting the investment's value, such as market rents and yields, is claimed to be artificial.

This line of argument implies that regular valuations are essential, and with buildings representing the working tools of a property company, the principle of annual valuations has been, some would say rather late in the day, accepted. The dispute which has ensued between the British Property Federation supporting a review procedure and the Royal Institution of Chartered Surveyors a sampling procedure (one which owes something to auditors' practice) has not yet been settled, though there is now agreement on regular full external valuations.

The RICS's stand has already produced results, for instance with the valuers to English Property Corporation where a previously-used review procedure has now been dropped. Its principles have in part been based on a refusal to differentiate between members of the same profession working within property groups or in practice. It has also attempted to ensure that the relations between a company and its valuers are closely defined. Hence its guidance notes now define the two categories as:

"An internal valuer is a qualified valuer who is a director (or equivalent status thereto) or an employee and who has no significant financial interest in the company or organisation."

And "an external valuer is a qualified valuer who is not an internal valuer and where neither he nor his partners or co-directors are directors or employees of the company or of another company within a group of companies or have a significant financial interest in the company or group, or the company or group have a significant financial interest in the valuer's firm or company."

Distinction

A further distinction has been made between an "External Valuer" and an "Independent Valuer." To be called "independent" will demand a relationship with the client similar to that defined for property bonds. This means that there must be no other transactions, such as agency work, between the parties.

The complications inherent in such definitions look inevitable if the credibility of sampling procedures (something the accountants seem to have accepted against the British Property Federation's reviewing idea, and despite the confusion over ED 18 they are unlikely to change the line) is to be seen clearly. Mr. Philip Sober, adviser to the BPF, queries how useful the valuation of a sample will be.

"Any simple check is designed to form an opinion," he writes "about the whole population—in the case of a property company, its property portfolio. If the auditor is to find the sample check useful, he must be able to draw conclusions about the whole, and yet the procedure in ED 18 and the RICS Guidance Notes seems designed not to facilitate this." (The Guidance Notes say the valuer will accept no responsibility for the unsampled balance of portfolio).

This squabble over procedures does not lie at the heart of the valuation controversy once the common ground of a full external valuation for property companies every three years had been accepted (and a full valuation every five years, though not necessarily external, providing there are qualified internal valuers, for non-property groups.)

Depreciation is the key to the issue, and at present, the pressure is on the accountants to clear their own minds. But the property companies' resistance to the principle appears in the longer term to have little hope of much influencing the accounting bodies or the Government into making a major exception for them.

Q.G.

SELECTED PROPERTY COMPANIES

	Gross rental income £000	Pre-tax profit Before interest £000	Pre-tax profit After interest £000	Dividend yield %	Market capitalisation £m.	Net tangible assets £000	Net tangible assets Per share (pence)	Earnings per share (pence)
Allnatt London Property	3,862	3,629	2,261	3.40	31.4	30,126	150.6	6.8
Aquis Securities	674	732	335	6.84	3.4	4,283	17.1	0.8
Beaumont Property	2,218	2,005	786	7.35	7.3	14,086	126.8	3.1
Berkeley Hambro	10,033	9,614	675	4.36	15.2	30,091	181.8	1.1
Bilton, Percy	4,241	7,032	5,202	6.03	51.5	28,224	75.2	8.4
Bradford Property	1,895	3,335	3,320	7.16	9.9	10,174	134.1	21.8
British Land	14,941	14,223	—4,660	0.00	18.8	98,160	211.2	0.0
Brixton Estate	—	3,981	1,506	4.30	24.0	34,962	107.8	3.5
Capital and Counties	23,214	23,338	3,088	0.43	26.7	48,009	63.7	0.0
Chesterfield	—	2,328	789	2.54	21.3	23,790	242.2	6.8
City Offices	—	998	997	5.26	10.3	10,440	45.8	2.3
Daejan Holdings	7,185	8,485	1,063	8.33	8.8	44,788	274.8	1.9
English Property	115,055	46,600	7,459	7.86	42.2	133,734	142.7	2.9
Estates and Gen. Invest.	—	—	251	9.12	1.3	2,734	28.3	1.1
Estates Property	1,836	1,471	680	3.33	7.2	11,661	79.6	3.8
Great Portland Estate	6,500	4,780	2,655	2.52	68.5	49,368	171.5	5.5
Hammerson Property	33,353	20,611	3,832	1.71	16.1	79,498	491.2	8.4
Hammerson Propty. "A"	33,353	20,611	3,832	1.70	56.6	79,498	491.2	8.4
Haslemere Estates	7,363	8,716	4,001	1.94	50.1	55,341	237.6	12.8
Imry Property	1,656	1,175	280	0.00	8.5	18,304	398.6	0.0
Intereurope Property	—	1,956	— 741	0.50	4.4	9,138	64.4	0.0
Land Investors	3,010	2,562	1,432	2.74	32.8	38,815	119.5	2.6
Land Securities	52,559	44,926	21,526	4.02	291.8	430,732	268.6	7.7
Law Land	4,449	2,556	675	9.14	13.5	25,932	74.7	1.4
Lond. and Euro. Group	—	291	— 166	0.00	1.9	2,658	28.7	0.0
Lond. Shop Property	2,103	2,218	501	8.74	6.1	9,084	76.9	2.5
Lynton Holdings	2,004	1,940	1,040	3.57	8.2	10,768	122.7	6.7
MEPC	52,737	33,159	3,718	0.18	96.8	241,107	225.7	1.1
Mucklow, A. and J. Gp.	1,480	1,875	1,715	5.59	14.1	15,117	175.2	11.8
Peachey Property	3,809	2,749	758	3.97	8.1	22,867	107.0	0.9
Property Holding	2,573	1,926	1,257	3.37	31.8	38,960	327.3	7.0
Property and Reversnry.	310	251	892	3.09	3.9	21,596	310.5	7.0
Property and Rev. "A"	960	775	892	3.09	12.1	21,597	310.5	7.0
Property Security	2,734	2,125	— 704	3.12	12.6	11,526	75.7	0.0
Regional Properties	—	2,016	— 802	0.91	1.4	18,734	101.0	0.0
Regional Properties "A"	—	2,019	— 805	1.30	6.2	18,730	101.0	0.0
Samuel Properties	4,013	2,725	248	0.19	22.2	30,014	108.2	2.6
Scottish Metrop. Prop.	2,613	2,466	919	3.35	23.9	23,296	85.9	2.4
Second City Property	—	1,339	1,011	8.17	3.9	4,962	41.1	4.2
Slough Estates	12,863	11,220	6,022	3.71	76.9	103,003	112.6	3.1
Stock Conversion	6,735	6,574	4,601	1.45	56.8	70,378	235.2	5.6
Sunley, Bernard	4,814	5,835	— 489	4.13	23.5	46,832	292.7	0.0
Town Centre Security	2,237	1,441	352	3.13	8.1	17,063	75.8	0.3
Town and City Props.	34,497	19,537	—4,784	0.13	30.0	82,445	25.5	0.0
Trafford Park	1,332	1,011	547	10.24	4.2	7,770	93.4	4.8
United Real Property	2,642	2,437	1,815	3.23	26.4	29,438	245.3	8.0
Warnor Estate	1,083	931	725	4.34	8.8	17,578	175.3	3.8
Warnford Investments	1,964	1,686	1,536	3.54	20.0	27,180	283.1	7.3

Source: dataSTREAM International.

Rates arguments grow more heated

THE GROWTH of rent review disputes, caused in part by the coincidence of many varied lengths of review periods maturing within a few years, continues as a feature of landlord and tenant relations.

The immediate post-war building (or rebuilding) boom was carried out largely on 35-year leases which start falling due in the 1980s. The reduction to 25 and then 21-year reviews began in the mid-1950s producing the same effect. The 14-year reviews of the early 1960s are coming through slightly sooner and the seven-year reviews of the late 1960s and very early 1970s are also falling due. We are already in the middle of the five-year reviews of the first part of the last property boom and, though few landlords will get much joy from them, the second reviews of the small amount of three-year review leases will be coming shortly.

The sheer volume of review work has been increased by the incidence of negotiations where landlord and tenant are very far from agreeing with each other and hence have to go to arbitration or expert opinion. Added to these difficulties, the period of the rent freeze is still affecting the market.

The legal position of landlords who did not press their negotiations to a decision, which for the moment was purely academic, during those years is still being settled in a number of court cases. Of equal interest was the case which went as far as the House of Lords to decide whether the state as tenant was able to claim the benefits of the freeze. MEPC, in a test case which, on some estimates, might have provided a £10m. windfall for property companies, finally lost.

On the rating side, the property industry is now looking, not for a windfall, but for a release from 100 per cent. empty rating and the empty rating surcharge, both being penalties which have seemed progressively inequitable as tenant demand continued at a low level.

Optimism

There are some signs that local government is relenting. Birmingham and Leicester's cuts to 50 per cent. empty rating might be followed by others. And there is some optimism that national government might consider a legislative change.

Sections 15 and 16 of the Local Government Act, 1974, were passed in the aftermath of the property boom, when the popularity of developers was at its nadir. The case of Centre Point, and the belief that Oldham Estate could in some way benefit by continuing to keep the building empty (long after, in all logic, such a case could continue to be made) lay behind the legislation. Besides the idea that developers might, for a year or so, deliberately not let buildings was nevertheless not without realism in the 1973 market with rents escalating at an unprecedented rate. By the time the Act was passed, however, the logic, certainly for the penal Section 16 surcharge, had gone.

A concerted lobby is now being mounted by the British Property Federation. Working on the basis of returns from the Rating and Valuation Association, it reports that prior to the changes at Birmingham and Leicester, 20 of the Metropolitan Districts had opted to charge 100 per cent. empty rates, two for 75 per cent. and three for 50 per cent. or less.

Of the London boroughs, all but four opted for 100 per cent. empty rates on non-domestic property.

The scarcity of Section 16 surcharges—under which, after a six months period rates can be doubled in the first year, trebled in the next, quadrupled in the next and so on—is accounted for by the difficulty of proving the necessary point that the owner has not tried his best to let the building. So while the BPF wants the surcharge dropped altogether, the main thrust of its lobby is to reduce the basic Section 15 empty rating. Its memorandum to Mr. Shore argues that 100 per cent. rates are simply inequitable.

Empty property, it argues, should be rated in proportion to the burden it places on local services. If that is reduced to items like police, fire service, street lighting and any other items which might produce a cost to councils from empty properties, then the BPF argues that 25 per cent. is the figure which should prove more than adequate.

Figures

Some of the figures its quotes are from clearing banks. In 1976, the National Westminster paid £231,536 in Section 16 levies on 264 properties and Barclays paid £242,598 on 368 premises. A property group, Brixton Estate, paid £61,296.

Further evidence came from English Property Corporation which pointed to the added costs involved in proving to a council that every effort was being made to let a building. In this case EPC's position was ironic, since the Doulton House and Bridge House site concerned on the South Bank, London, is one for which the company has long been negotiating with national government about the prospect of a headquarters building for a new headquarters for the only London-based United Nations agency, the Inter-Governmental Maritime Consultative Organisation.

EPC said that while the negotiations went on, it was "wil[l] advertising the building" being available to let in or[der] to protect itself against [the] possibility of a penal rating s[ur]charge. No tenant, even a[t a] nominal rent but prepared [to] pay the rates, has been fou[nd] and EPC says around £460[,000] has so far been paid in em[pty] rates. From that total it can [be] seen why it was most anxi[ous] to avoid the doubling, trebl[ing] and quadrupling surcharge.

The BPF's campaign appe[ars] to give some ground in ad[mit]ting to 25 per cent. liabil[ity] though any change in Gove[rn]ment thinking would alm[ost] certainly see this as a level [to] start bargaining from and l[ocal] authority evidence on the c[ost] of empty property would [also] be called for.

But there appear to be f[ew] hopes that some changes will [be] made. For a Labour Gove[rn]ment to tone down this T[ory] measure might seem stran[ge] but then the market has entir[ely] changed since the then Minis[ter] for Local Government [and] Development, introducing S[ec]tion 16 to the House of Comm[ons] in January 1974 recalled that [he] had said in Committee th[at] "the keeping of commerc[ial] property vacant with the [in]evitable result, at present, [of] an increase in capital val[ue] was an affront to society t[hat] warranted some penalty."

Q.

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Patchy industrial performance

DUSTRIAL property develop- nt, with its short lead time response to the first stirrings industrial confidence, should cede other property sectors t of recession. This it is now ing in many areas of Britain. e increase in development ivity is so far modest, but price paid for industrial d in some favoured areas has en a firm indicator of an proved market.

At the other end of the mar- t, the quantity of older emises being offered does not pear to have decreased. It s the flood of premises for her let or sale which proved rutal reminder of diminished lustrial activity during 1974- 76. Despite some purchasing smaller firms of these older instrial properties, the market them has remained uncer- n. Among the larger works ing vacated, a site value sale often the most that can be ped for.

While the modernisation of lustry requires the vacation such premises, the waste of id resources they represent s now become an issue, parti- arly where close to the centres major cities. The case for me modest form of demolition ant, as well as the industrial lowances on rebuilding, is ing advocated by some who e convinced of the huge ins in efficiency generated by ample stock of modern, gle storey factory premises.

xceptions

But demand for most forms new factory unit appears ill to lag behind that for the st located warehouses. There e exceptions to this, particu- rly in the Midlands, and even me signs of a greater balance tween warehouse and indus- ial use in parts of the South st. But the name of the devel- ment game remains ware- using. How far even a pro- unced increase in industrial nfidence would alter this is certain. Speculative industrial velopments, where factory use taken up, tend to cater for second rank of industry— ge companies using what is en seen as temporary space ancillary manufacturing pro- cesses, or smaller companies taking rented space to preserve capital.

But the bait of ready-to-use- factory premises at reduced rents has never been used on such a scale in an attempt to combat unemployment. The present programmes of the English Industrial Estates Cor- poration and the Scottish Development Agency are merely the tip of the iceberg, though a substantial tip. In many areas this use of public (including EEC) resources has been strongly attacked by private sector developers, but the trend is here to stay for some years yet.

INDUSTRIAL PROPERTY AVAILABILITY
(mid-April, 1977. December, 1976, figures in parentheses)
(000 square feet)

Type of Property	WAREHOUSES (vacant and to let/for sale)	FACTORIES (vacant and to let/for sale)	BUILDINGS UNDER CONSTRCTN. occupation within 6 mths.
England and Wales Total:	34,080 (34,520)	49,624 (50,401)	5,028 (4,108)
By regions:			
North West (including North Wales)	2,992 (2,990)	9,533 (10,716)	961 (941)
North East	5,240 (5,864)	9,178 (8,235)	1,029 (643)
West Midlands	3,001 (2,638)	4,250 (3,343)	167 (145)
East Midlands	1,429 (1,537)	2,362 (1,995)	442 (172)
East Anglia	932 (1,286)	737 (731)	45 (90)
Avon/South West	1,363 (1,202)	2,030 (2,174)	263 (348)
South Wales	434 (653)	1,436 (1,710)	233 (228)
London/Home Counties	17,689 (18,350)	20,098 (21,497)	1,888 (1,540)

NB Exclusions from the totals:
1 Premises with floor areas less than 5,000 square feet.
2 Premises still occupied but unofficially on the market to let or for sale.
3 Multi-storey mill premises mainly in the North East and North West regions.
4 "Semi-derelict" premises where it would be difficult to justify refurbishment.

Additional Information (December 1976 Survey in parentheses):

	Warehouses	Factories
A Number of premises over 100,000 square feet	111 (114)	
B Approximate percentage of buildings not more than 5 years old	44 (51)	13 (17)
C Approximate percentage of single storey buildings	85 (82)	77 (71)
D Approximate percentage of multi-storey buildings	15 (18)	23 (29)

Source: King and Co.

The latest plans for inner city revival nearly all include some degree of advance factory building. In the "partnership" areas —Liverpool, Birmingham, Manchester/Salford, Lambeth and the Docklands area of London— the recent White Paper suggested legislation to allow councils in the areas to grant an initial rent-free period in the letting of factories. For London and Birmingham, long accustomed to Industrial Development Certificate controls, such enticement of new industry is a curious contrast to yesterday's policy of forcing even existing local industries to look to the Development Areas for their expansion, or to need to apply to central government before adding even 1,000 square feet to their manufacturing plant.

The White Paper also suggested that site preparation costs should be borne for newcomers in the partnership areas. A further suggestion was the creation of industrial improvement areas where local authorities could carry out, or assist owners to carry out, the conversion of buildings to create new employment, improve access or amenities. To further try to stimulate development, the Paper suggests that local authorities should be allowed to dispose of land at below its cost to the council.

Inducements

How far such inducements to urban renewal will change the industrial pattern is uncertain. It is not planning alone that has blighted most of these areas, and the trend of major users away from cities and into green field sites is an industrial sea change which cannot be quickly reversed. Mr. Peter Shore's plans can well be criticised as doing too little too late, and £100m. can be swallowed quickly by the sort of radical infrastructure improvements necessary.

But industrialists—and industrial developers—can at least see a major change in emphasis. Mr. Shore has stressed that he sees economic revival as a prime target, so that in property terms the planning barriers against industry must be relaxed.

What is less certain at present is the influence of this shift in policy on general IDC policy affecting the Midlands and South East. Regional policy cannot, of course be abandoned, but some modifications to the certificate form of control may be expected.

Meanwhile space figures from agents King and Co. indicate, for the first time since the end of 1974, a turn in the general market. Since end-1974 the amount of vacant space had, according to this research, risen by 145 per cent. Regionally, the most marked improvement in the latest figures is shown for London and the Home Counties, where the area of both empty factory and warehouse space has dropped.

Elsewhere, significant decreases are confined to warehouses in the North-East and factories in the North West. The total figure for factories and warehouses available for sale or letting in England and Wales was nearly 84m. square feet, only a marginal decline on last December's total. But totals of empty space were gradually levelling throughout last year. The evidence from most sections of the industrial market is that demand for space has now improved sufficiently for the worst levels of vacancy to be over.

At the same time the King figures show that construction, with over 5m. square feet of new space available within the next six months, is running at the highest level since early 1975. Allowing for some of this to be made up by advance factory government programmes, there is also evidence of increased activity in the private sector.

Much of the running in this increase of development is being made by contractor-developers like J. Laing and Trafalgar House, and by private groups which have found that, with an established record, funding for quality warehouse schemes is widely available.

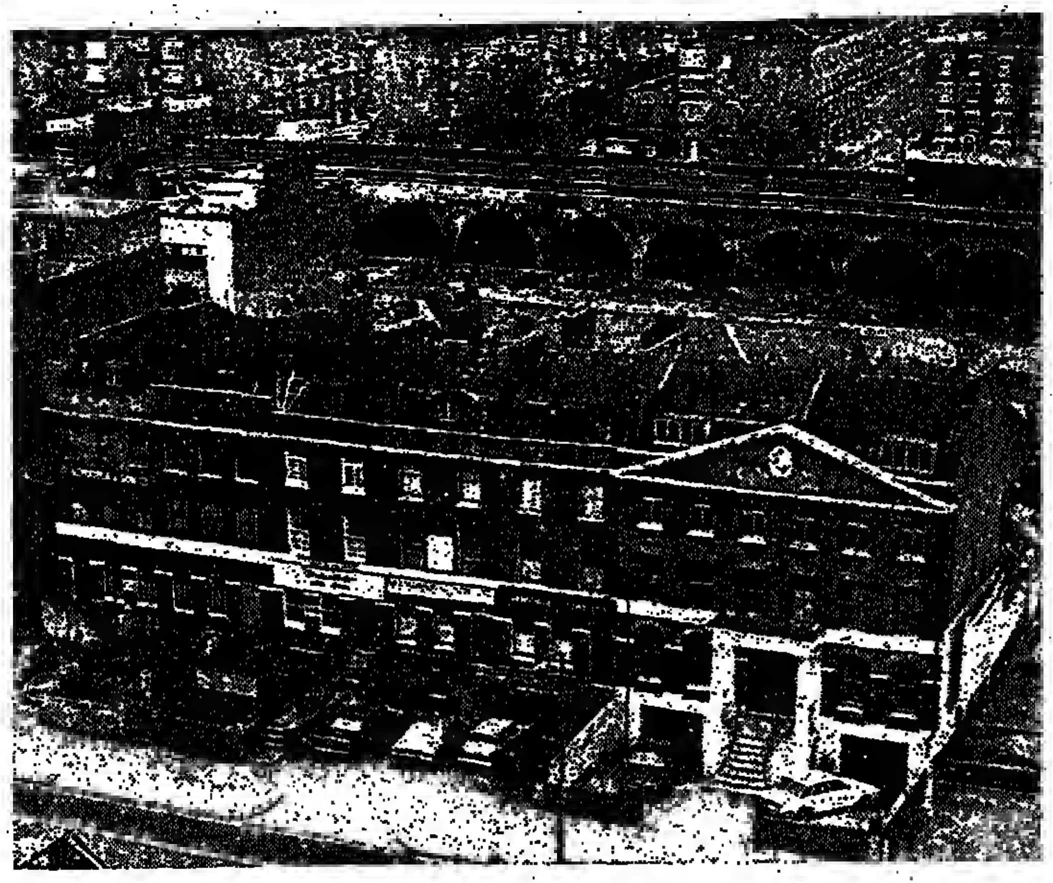
Among the quoted companies, three of the leaders in the sector—Slough Estates, Brixton and Percy Bilton—all have problems not associated with their industrial activity; the first two have slow-letting commercial schemes and Bilton most unusually missed its profits forecast of £5.86m. because of £800,000 of provisions in the housing division. But the industrial developments of all three are progressing steadily, with Brixton getting a 160,000 square feet pre-let on its Belgian estate as well as lettings in the U.K. at Egham and Dunstable, where it is confident enough to go ahead with a further 170,000 square feet.

The quantities of good modern space available bear little relation to the total availability figures shown. It is already in some areas in short supply, and rental increases are starting to show. Their size is modest, and if contracting bills had truly reflected increased building costs, the sums would scarcely add up for the developers. But while contractors' margins are squeezed, there remains sufficient incentive for many developers. The industrial market has regularly shown steady, unspectacular rises in rental costs, and these look to be about to start again after a three year hiatus.

Q.G.

Haslemere's development at 10, Lloyd's Avenue, London, E.C.3, which has been let to Anglo Soviet Shipping.

London remains the cornerstone



Labour Party Properties in Walworth Road which have been the centre of a controversy over the Labour Party's proposals to move its headquarters there.

LONDON'S hitherto unquestioned place as the cornerstone of the property market in Britain was called into doubt in the years of 1974-76. In the technical sense, the effect on capital values in the early 1970s, first of a significant increase in rents, then of a decline in yields, was to produce figures which could not *stand any test of validity* once the slump came. And, while this could be put down to errors of judgment within the narrow field of property expertise, further doubts appeared in the form of a population declining much more rapidly than had been forecast.

The Office Location Review, published after extensive Government research in early 1976, indicated that the trend to decentralise the main clerical functions of large organisations would continue. Factors such as residential costs, travel expense, the rates burden, deteriorating education facilities and the undefined but undoubted decline in the quality of the capital's life all appeared to point to a far less crucial role for London, particularly in the office sector.

While these were long-term factors, in the short run the wide availability of small to medium size office suites in the West End showed hnw hard recession hit many of the high margin, high risk businesses in the area. Even some prime shopping streets were not exempt, with Bond Street going through a sticky patch as many established retailers made way for aggressively merchandised fashioo tenaots.

Decline

It was in the office sector, however, that the sharpest decline io values was seen, with teoants haviog to pay reverse premiums in vacating premises and landlords having to make substantial concessions in rent-free periods, fitting out costs and review terms before finding takers for most space. What did become clear, however, even with letting demand at a nadir, was that something of a two-tier market was being established, with the best modern space still letting at rents of £11 a sq. ft. or better (often to overseas groups) while secondary space was hanging fire.

The same phenomenon was being seen in the City. While prime rents there showed the sharpest falls of all, it could be said at one point that virtually the only space letting was either very close to the Bank of England or was new, or newly-refurbished space.

While these short-term effects of the recession were being absorbed, the more fundamental factors were also changing. To start with recession cut relocation exercises, just as did most long-term plans involving immediate capital expenditure. And the savings which relocation should produce after a few years began to look less guaranteed. Those with valuable leases or freeholds to dispose of in London saw the value of these drop while the rents in the rest of the South East (Location of Offices Bureau statistics show that the large majority of relocating companies do not go far from London) showed a relatively smaller fall.

At the same time, the traffic in office space was not proving all one way. Many international companies, whether British or foreign, were proving relatively well insulated from recession. The increase of space takeo in the City by foreign hanks, including the new Arab banking strength, continued. And the insurance sector, an international market with strong *inflation-proofing* qualities, proved the single strongest element in the City market. The oil sector played the same role in west London, particularly in Victoria Street.

It was at the beginning of this year that evidence of a steady increase in the take-up of space in the West End first appeared. It seemed that many potential tenants, partly out of uncertainty. In the general economic climate, partly out of a conviction that the office market would cootinue in thelr favour, had heen putting off accommodation decisinns for as long as possible. Space still looked historically cheap, with rents in Mayfair still 25 per cent lower than four years ago though increased rates cancelled out *much of the gain.* It can be argued that it is still cheap, though some firming in rents is now evident.

The City saw rents hegin to *firm up rather before the West* End. The Stock Exchange, for instance, managed to let its surplus space at around £12 and £13 a square foot, close to what it was asking. In the insurance sector, the rents on small suites close to Lloyd's climbed hack into the *£20* a square foot and more range. But secondary property is still very much a tenant's market, with £5 a square foot paid io the fringes of the City, *just as* it is fnr the tattier offices on famous centres in the west like Oxford Circus.

The outlook for the next two years is particularly difficult to forecast in the City. It has been a commooplace of the recent past to talk of a coming dearth in large modero units in the City as development activity dries up. Certainly those companies which have taken the opportunity to huy freeholds or head-leaseholds—among th Canadian Pacific, S. G. W hurg, Hong Kong and Shang Bank, and, just outside the C Mobil—have taken a medi term view that it is worth t ing themselves out of fut rent increases (perhaps reci ing that the City's escala rates bill is a sufficient inc lable fixed cost).

But a contrary view w say there is ample new and furbished space in the City line to last out the next years. And of recent or jected relocations from ce London—for instance Lo and Manchester Assurance, Life, Legal and General, land Bank and 3M—all hu last are moving from the and Legal and General and Life still have to dispos their premises. Also, besid speculative developments h City, there is some o occupier activity too which release further space.

The banks are a case in here, with National Westmi topping the hill with its s building cost tower plu Leman Street computer c and with Credit Lyo Banque Nationale de Barings and Anthony Gibb constructing new space, Barclays having two schemes now underway. D the strength of the City international financial c there may be a period of a balanced market, with suff new space to merit only gr rental rises.

Favoured

The West End, in cor may have fewer good sp tive schemes availabl the immediate futura there is certainly a for thinking that favoured like Victoria should see tinued growth in rents. which withdrew at the moment from leasing the tricity Supply Nominees-t Army and Navy block, oegotiating at over £14 level as high as the boom in this area. The relative t ness of Holborn may st attract those tenants who mind falling between th and the West End, an cheapness may contint some time in the Fette area. The nnmher of vacant here cootrasts w successful letting-up of and General's Arundel *Court a quarter of a mili*

The outlook for centr don's property market is will continue to hold its place in British investme rental values. The sh emphasis in regional po ward the inner cities, a changed role of the Loca Offices Bureau, may hav *effect in marginally inc* demand, and the new Co tive administration at Hall is likely to favour development to cope once confidence in new d ment picks up. A more office market, which mus the capital's interests as tarnational fioaocial business centre, is in pro

Cutting regional oversupply

THROUGH THE DARK days of 1975, amoog the few property developers left smiling were those with regional office hlocks or sites suitahle for use hy local or national government. The policy of locating new civil service departments outside London, and of moving some existing johs away from the South East, plus the proliferation of new offices needed to hoose the reorganised local government departments, had provided one of the few active sectors of the property market.

The institutions, furthermore, were keen to buy such created investments. Their expectations of rental growth in London had proved false, particularly in the City, and from the apparently low hase of around £2 or £3 a *snuare foot* in many provincial office centres, for first-class modern hlocks, they could aee a greater chance of growth toward £5 than they could of £12 a square fnot City blocks ever hitting £24 a square foot again, as they hriefly had in 1972-73.

This changed *sentiment* in the office market did not extend to any change in attitude to most regional shop or industrial properties. The best retailing areas of the provinces had never lost their appeal either to traders or investors. Adjustments to the prime retailing *pitches, as had* happened around Deansgate in Maochester, still left new areas taking on the front running. With simple, hut convincing logic, some fund managers thought the obvious investment at the time of giant wage settlements was to get into the high streets where the wages were being spent.

In the industrial property market, overwhelmingly dependent on flourishing private sector industry, the old weaknesses resurfaced. Warehouses close to motorways were again the only sort of industrial property to hold their value. In the North West, with its comprehensive motorway system, there was eveo a trickle of continued developmeot right through the slump at the favoured distrihution points, at a time when factory space in Trafford Park could hardly he given away. In the South West, with the opening up of the M5, warehouse rents from Bristol down to Exeter were holding up at £1 a square foot and more when established industrial zones away from the motorway were dormant.

Tn hring the picture up to date, the regional government-let office market has grown less significant due to cuts in expenditure. The best retailing pitches have held their appeal, thongh, with some faint mutterings among investers about the dangers ta them, particularly in the North of the impact of superstore developments. The prime sites had stood the test of the 1960a reginnal shopping centres pioneered by Arndale hut a comhination of these, restricted traffic access to city cantres and the new generation of out-of-town discount stores may shift trading patterns. And industrials? They have followed *the pattern of* industry and distribution. Thus in the Midlands it was the industrial sectnr which first felt the recession, and it was the first to show some signs of revival.

Exception

Scotland has proved the exception to most of these hroad trends. Hopes of an oil-led *bonm in Scottish property* values had sustained the market there through most of tha recessino. That oil was no automatic panacea has heen shown in Aberdeen, with some poorly located industrial schemes and with an office market which has never lived quite up to expectations. Even so, Edinburgh and Glasgow have certainly gained, both in development and investment terms, from oil hopes.

In Glasgow, refurbishment *has been a key feature of the* office market and aptly it was the British National Oil Corporation, pre-leasing the Vincent Street refurbishment by South of Scotland Electricity Board Pension Fund, which set what is looked on as a Glasgow record for a major letting of around £4.50. The amount of new office development in Glasgow has also dipped less in the past three years than in most English or Welsh centres, and two major retailing schemes are also in progress, the Scottish Amicahle's Sauchlehall Street Ceotre aod the Pollok centre which will include nearly 250,000 square feet of retailing.

Edinburgh, with its slightly higher level of prime office rents, has been more notable for the strength of the investment market than for any really hig lettiugs. But developers have been coosistently letting

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Renewed interest in agricultural land

...OWNS the country's ...has been a sensitive issue ...ghout British history— ...am the Conqueror's habit ...warding his Norman sol... with parcels of land did ...endear him to the Saxons. ...instance—and it is once ...being tossed into the poli... arena. This autumn the ...try of Agriculture will ... an inquiry into what is ... on in the farmland mar... It has been ordered by the ...ter, Mr. John Silkin, who ...ects a report by the end of ...year. And then, "if some... ...needed to be done" he ...he will take all necessary ...and possibly introduce ...lation to deal with any ...lems."

...is problem Mr. Silkin was ...ing at arise from the pre... —or rumoured presence— ...e farmland market of two ...nt bogeys: foreigners and ...ntee landlords. The for... translates into European ...ers, particularly from Hol... ...and Denmark, who have ...visiting the U.K. for the ...year or more, with a view ...uying farms at half the ...they would be in Conti... ...al Europe. The latter is ...old tag now being applied ...he City institutions which ...also inspired by the poten... for long-term investment in ...country's food-producing ...

Favou...

...here is no doubt of their ...rest. In the last few weeks, ...instance, there have been ...ewer than three farm study ...s for fund managers. Two ...organised by specialist ...cultural estate agents ...tt and Parker and Knight ...k and Rutley, the third by ...hews Wrightson Land, the ...management subsidiary of ...major insurance group, ...rt Wrightson.

...derlining the significance ...nstitutional investment in ...culture is the fact that the ...s Landowners' Association, that defender of countryside traditions, now has an institutional committee set up to give advice to the pension funds and insurance companies in their search for land and its subsequent management.

Real though the institutions' involvement is, it does not yet justify any major outcry. It is true that over the past 12 months it is reckoned that City funds bought 20 per cent. of the land which came on to the market. They also did so in 1973. But, since only between 1.5 and 2 per cent. of all agricultural land changes hands per year (and last year was probably below average for sales), their purchases added up to only 0.3 per cent. In all it is thought that the City institutions own between 300,000 and 500,000 acres of land out of a total of 40m. acres.

The picture is unlikely to change. Institutions can afford to tie up only a fraction of their funds in an investment as fundamentally illiquid as a farm. Added to which they are further circumscribing themselves by setting up very tight parameters on the sort of land they wish to buy. Small parcels are of virtually no interest. Only farms of more than 500 acres are relevant to their needs, and those, generally, have to be fully tenanted.

Restraints

This increases the lack of marketability of their investment since, due to fiscal and other legislative restraints, the tax-paying individual has been driven out of the tenanted market.

The institutions are also prominent in the sale and leaseback area of the market but this may fall into temporary abeyance now that the Agricultural Mortgage Corporation has reduced its mortgage rate from 17 per cent. to 12 per cent. The usual reason for a leaseback is the need of the farmer to raise cash for capital improvements.

However, institutions have been instrumental in buoying up farmland prices, though only when these were on the way up already. They provided no resistance to the collapse in values which occurred in 1974. Prices have now risen beyond their 1973 peak. The new price index compiled by the Agricultural Development and Advisory Service and the Agricultural Mortgage Corporation shows that in the first four months of the year, based on 1973 as 100, prices for vacant possession land were respectively 108, 105, 111, and 112. In the three months to April this sort of farm averaged £816 an acre compared with £804 an acre in the three months to March.

Of course, this does not suggest that the agricultural market is embarked on the dizzy "dodgem" track of 1973. A useful study undertaken by the Estates Gazette last month translates the prices for vacant possession land into constant 1950 prices. Thus en average price of £757 per acre in 1973 represents £282 in 1950 terms, while the £734 per acre last year translates as £169 on the same basis. Compared with the 1950 price of £80 per acre for vacant possession land, however, the attractions for institutions of farmland compared with other options can be seen.

But it must be added that the institutions have not "made" the market in vacant possession land any more than they have been responsible in any real sense for the rise in farm rents over the past few years since their interest began to be taken notice of. The single significant factor in both these upward trends has been the strongly improved prospects for farming itself.

It is no coincidence that farm rents last year rose on average by 18 per cent. The figure which tenants are prepared to pay is irrevocably tied to the returns they can see from their crops or livestock. Since Britain's entry into the EEC the aim of the Common Agricultural Policy has been progressively to raise prices paid, to British farmers to parity with their European counterparts. The effect has been to provide a real improvement in farmers' earnings. For the present, certainly, that trend has been inhibited by the U.K. Government's overriding priority of pegging inflation at home, particularly through controlling the rate of rise of the Consumer Price Index. As a result, Britain's farm products will not reach full parity with the rest of Europe by 1978 as was planned. It may be that more than a 12-month delay will ensue.

Reviews

But it will come, which is yet another reason for the steadily (if not dramatically) increasing interest of the institutions in farmland. Fund managers are prepared to-day to accept yields on let land of under 3 per cent., relying on rent reviews within three years to bring that yield up to 5 per cent. or more, pinned to an underlying trend of real growth in their tenants' fortunes. They are also becoming tempted by the prospects of tilling the land themselves where a 25 per cent. return on working capital is the current norm.

The proportion of fund managers actively seeking opportunities for in-house farming is, admittedly, small. Institutions have traditionally steered clear of involving themselves in the day to day management of any of the industries in which they are involved through investment. Their average stake in a company's equity is of the order of 10 per cent. or less. If they fund hotels they do not become hoteliers, or shopkeepers, though their ownership of shopping centres is significant and growing. And the day-to-day management of farm land needs possibly even more skills.

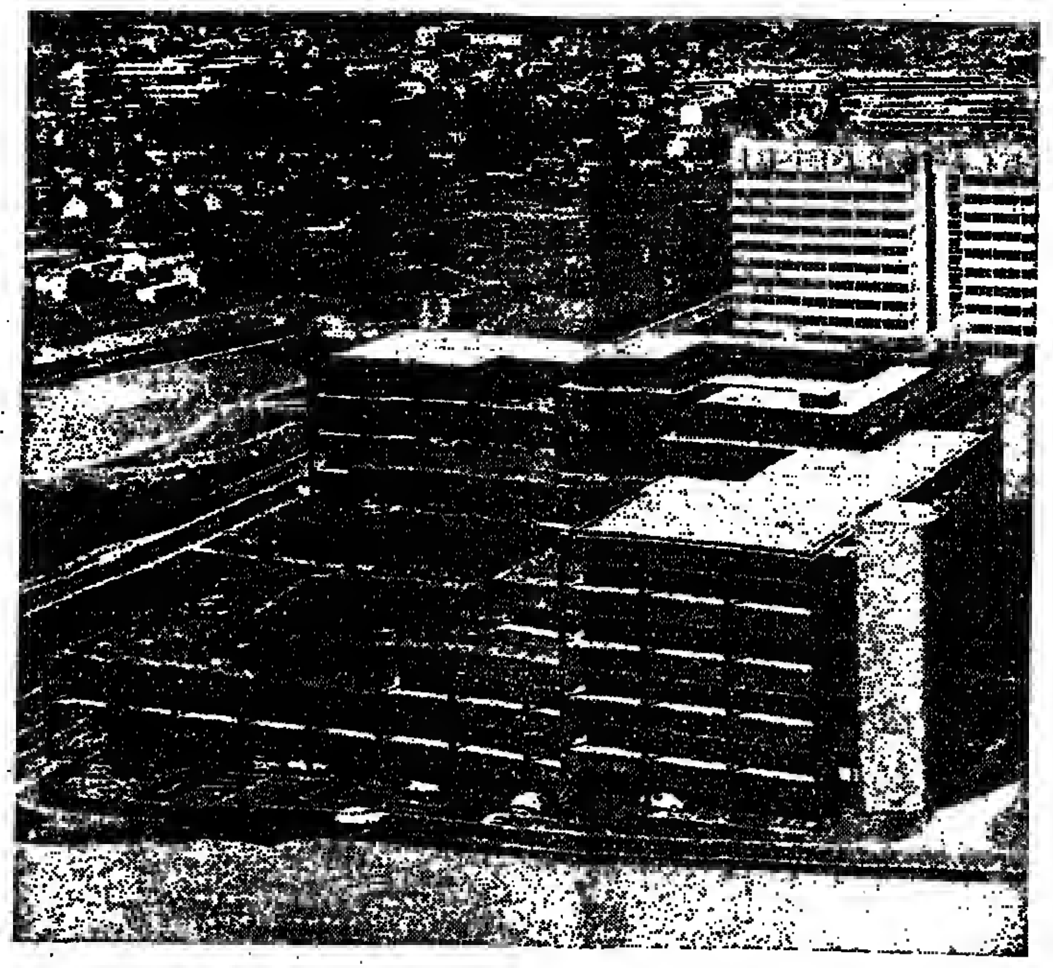
One way to lessen the risks and still partake in the returns from active farming is for the institution to enter a partnership either with a working farmer or with the few specialist farm management companies which have been set up. But such moves are still in their infancy.

An even smaller group of funds have invested in the other agricultural option—forest plantations. There are several incentives for doing so, not least the arguable theory of a long term world timber shortage, coupled with strongly rising prices. The disadvantage for gross funds is their tax-free status as the fiscal climate for forestry favours the high taxpayer with a need to establish tax shelter.

Nonetheless, the long term nature of plantations—maturity after 30 years, a cash return after 15, but an appreciating asset from the beginning — mekes the field particularly suitable for funds, which are able to take a really long term view. The largest single purchase of forest land to date has been by the Post Office Staff Superannuation Fund which bought some 6,500 acres from Fountain Forestry in the spring. The purchase price was just under £800,000. In a more recent deal the Dartington Hall Trust sold 1,000 acres of woodland on Dartmoor to the Scottish Equitable Life Assurance Society for £500,000.

These two deals emphasise the reletively small involvement by the funds in forest land as yet, as well as the discrepancy in cost per ecre when compared with farmland. Raw land suitable for afforestation has moved little in price in the past year, with £80 per acre fairly sverage. Most funds, however, are seeking established and semi-mature plantations where scarcity of supply is beginning to drive up the price though so fer the trend has been slow rather than accelerating.

C.M.



Wiggins Teape's new headquarters in Basingstoke.

Regional

CONTINUED FROM PREVIOUS PAGE

medium and small office developments and refurbishments until the seme weakness was seen in this merket. The potential is, of course, enormous, depending on the increase in civil service numbers created by whatever form of independence, if any, Scotland ends up with. Trafalgar House is building a 100,000 sq. ft.-plus scheme in Dundas House, Brandon Street, which must owe e large measure of its potential to the chance of e government letting, while Scottish Life alreedy has a similarly sized building available in Orchard Brae House, Queensferry Road.

Scotland must, however, continue to be regarded as typical of the rest of the British property market. While Edinburgh, for both its shops and offices has been attracting among the highest rents and lowest investment yields outside the South East of England, the fashion for regional investment has appeared to decline somewhat in the last year as the underlying strength of the South East has ressserted itself.

The wide difference in rental levels for modern office blocks is now a feature of the regions. Birmingham is gradually cutting its overhang of completed blocks, though there are still a few to be finished, but only st the cost of developers accepting acutely uneconomic rents. Well below £2 a square foot has been accepted for quality new space, and it must still be some time before the city sees significant rent increases.

The same may be said of Manchester, where price-cutting hes been less marked, but where letting activity has been at least as slow. Town end City's Manchester problems, with its offices ebove the giant Arndele Centre and the former Central and District blocks across the roed, ere among the severest in the group.

Whet these very low office rents indicate is an almost complete standstill of new development until the backlog is cleared and developers can see some reel chance of rental increases to match escelated development costs. That point still looks a long way off in several cities.

The consequences appear to be a continuation of the predominance of the South East in the investment market, with only the best reteiling and industrial projects in the regions receiving similar yield ratings. Scotland remains the other aree where, though confidence may have ebbed slightly in the last few months, the potential in the prime areas of Glasgow and Edinburgh may yet justify investment hopes.

Q.G.

Thriving secondary market

THE BELIEF in a two-tier investment market has never been so strong as now when all the evidence points to a marked disparity between yields on the "favourite" types of property and the rest. While it is true that the small rack-rented provincial office block, or the standard shop unit on the primest of pitches, is fetching prices which put it out of the league of other property, it is not so well known that the secondary market for both investments and lettings is once again flourishing.

There was a period of perhaps two years when it seemed as if no one was shifting secondary properties. Now, activity has distinctly resumed. One of the difficulties, however, in assessing this market is the wide range of buildings, locations and covenants which the term "secondary" loosely defines.

There is "prime" property, which simply means the absolute best, good in every way as regards size, age, location, structural and decorative aspects, covenant and rental and lease structure. Then there is *good solid property which* does not have quite the appeal of the first class. After that comes true secondary property, where there are one or two weak spots in the investment attractions either in the rent review structure or the location, for instance. Below that again comes what some call "tertiary" property and others simply "rubbish."

It is with the second and third classes of building that we are concerned with here — and in those classes investment interest in the last couple of months has shown a resurgence.

The interest is coming from all quarters. It is not widely appreciated that most of the really large institutions have small funds specially earmarked for the purchase of high yielding properties. These are intended to provide an immediate income to balance the capital appreciation of the prime portfolio.

The composition of these funds is almost exclusively classes two and three as defined here. Their existence is providing a stimulus to the secondary investment market in a rather indirect way. Institutions and property companies which have in their prime portfolios properties where the rent review pattern, say, or the lease is not the most favourable are seeking to rid themselves of these headaches.

One of the commonest methods of doing this is to offer the freehold to the sitting tenant. One might have, for instance, the case where an institution owns the freehold, a property company holds the head lease and the space is sublet to a manufacturing company on a long-term revision. In such a case the institution and the property company might pool their interests and decide on the price they might expect for the property and the share of the combined profit which each should get. They would then approach the tenant.

Value

Where the value of the property is relatively low—up to say £100,000 for an industrial building or £200,000 for an office block—the tenant will probably have little trouble raising the money himself through normal overdraft facilities. When the price is higher is where the secondary funds of the institutions come in. Once the initial problematic lease structure is obviated by the sale of the freehold, an institution might be prepared to arrange a sale and leaseback with the sub-tenant when he becomes the freeholder.

Opportunities such as these which would offer real advantages to all the parties concerned are not common but they do occur.

St. George's House, Twickenham, Speyhawk's recently completed office development.

Generally the impetus for such deals comes from the institutional property company owner. But there are signs of sales of secondary properties occurring on the instigation of the *tenants* themselves. Most agents agree that their agency departments are seeing the secondary market beginning to move. Companies are beginning to buy in their freeholds.

Some agents claim that this has been going on even during the flattest time in the agency market over the past 18 months. But there is evidence that it has intensified. Ironically, one of the factors stimulating the trend is the depressed economic climate.

With so many industrial companies operating at well below capacity through shortage of orders, their boards can see little point in ploughing back all the retained profits into the actual business since they cannot see a return on their capital in the medium term. For some, the solution is to invest the money in buying the freehold of their buildings with the long-term prospect of doing a sale and leaseback in the future when and if they need to raise capital to reinvest in the business.

Apparently this type of deal is more common among smaller companies, those employing up to 50 staff, than among larger groups. For the former, the average sized factory building, covering 10,000 to 15,000 square feet, can be bought for around £100,000, which would not overstrain liquidity.

There are of course restraints on such deals. Properties should be saleable as sale and leasebacks. If industrial, they should be single-storey. They should not require extensive modification to suit them to the company's special requirements. And, together with the company's covenant they should result in properties which fall within classes two and three.

Fewer companies are buying in their office blocks unless through the sort of marriage value deal described earlier, but there have been cases, especially where the owner is a property company under some pressure to offload buildings in order to degear. Tenants may not be as aware as they should that such degearing programmes are still continuing. An offer to the landlord is worth trying.

As far as straightforward lettings are concerned, there has also been a revival in the secondary market, though with exceptions. The types of property which are simply "going" at present include single storey industrial buil ground and first floor rooms with offices above, off-pitch shops.

Other types of good q space are not sticking, neither has there been a dency for rents for these forced up by demand. R is there a steady deman basic suitable accommoc where the relatively low is matched by similarly peak rates.

Shortage

Part of the reason fo level of demand is the sh of good new property b best locations which is d up rents on that type of perty well beyond the lin companies which re smaller floor areas. It *inforced by the trend for* space users to snap up properties even if the indi floor area is not perfec their requirements.

The total effect of all factors has been to reviv secondary market to vir normal levels of activity not yet, however, begun to rents spiralling in this s Nor does this seem proba the medium term. Further it is clear that the tre restricted to those good s ary properties earlier de Tertiary property is still i slough of despond.

Christine M

Agents will face legislation

SOME FORM of statutory control of estate agents has been the subject of discussion for most of this century. So far all attempts have failed—for a variety of reasons, including disagreement among the professional societies and a shortage of time in Parliament, when dissolution came just a little too soon for a *private member's* Bill to get on to the statute books. One of the failings of the attempts to impose statutory controls on estate agents has been that they have, in the past, been dependent on the efforts of private members—the Government has tended to avoid the issue.

Two years ago, however, a green paper was published by the Department of Prices and Consumer Protection, with a promise that a bill would follow in due course. But so far nothing has materialised. In fact, one MP could not wait for the Government to act and decided to introduce yet another private member's bill last year. In the event, Ken Weetch's (MP for Ipswich) bill failed to get through, and although he expressed the hope that it would get another chance under the Ten Minute Rule, none of the six successful MPs chose *estate* agency controls as the subject for their bills.

So now it is very much up to the Government. On May 2 John Fraser, Secretary of State for Prices and Consumer Protection, told the House of Commons that "I have nearly completed consideration of the representations we have received and I hope shortly to put forward firm proposals for early legislation." Mr. Fraser indicated that he hoped to base the legislation on self-regulation as far as possible.

It would appear that with 70 per cent. of estate agents now members of the three main professional bodies — the Royal Institution of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the National Association of Estate Agents—the latest moves to regulate estate agents stand some chance of success. After all, following the announcement of Mr. Weetch's bill, all three bodies came out largely in *agreement with the proposals.* But the problem remains of what to do about 30 per cent. of the agents who are unattached.

For years now the RICS and ISVA have run a joint indemnity scheme, which protects the public against the loss of deposits left with an estate agent who is a member of one of the two professional bodies. This is the area of greatest concern as far as the public is concerned. Most of the proposed legislation has been brought on by incidents where estate agents have abscooded with housebuyers' deposits. As a result, one of Mr. Fraser's proposals will be that anyone practising as an estate agent should be obliged to keep a separate clients' account — something that is already required by the RICS/ISVA *joint indemnity* scheme.

It would appear that the minister has also come to some conclusions concerning a code of conduct for estate agents. He believes that if an agent has an interest in a property which he is trying to sell then that should be declared. Anyone with a criminal history or in bankruptcy will be barred from the profession.

Mr. Fraser does not seem to be particularly concerned about the 70 per cent. of the profession who are members of the professional bodies. His main concern seems to be to find a way of controlling the unattached remainder.

Residential

As far as the residential agent is concerned, there appears to be a great need for more consumer education. On past records the average housebuyer seems to be readily parted from his money. Very few consult lawyers or bank managers before paying deposits to estate agents.

The proposed legislation, according to John Fraser, is basically concerned with estate agency and not with the professional activities of the surveyor or valuer. Thus, there will be no statutory controls concerning, say, negligent valuation—a subject which concerns many of those involved in commercial property investment. The problem with valuation is that it is not an exact science and therefore valuations are open to error—especially when the market turns either up or down. At the last major downturn in 1974 several valuations came to light which had not taken into account the full impact of the property market slump.

To combat this problem the RICS has published a set of guidance notes on the valuation of property assets. These set out the principles of valuation on a consistent basis, so that both the valuer and client are aware of the criteria which should be adopted in certain circumstances. Thus, what has been regarded for some time as an intuitive science has now been to some extent standardised. So although the Government *may consider* the control of estate agents by statutory means, control of professional standards is left to the professional bodies. It is hoped that the new legislation, when it is forthcoming, will provide RICS, ISVA and NAEA with self-regulatory powers of greater strength than they have at present. Thus, not only will agency activities be controlled but also the professional activities which mean so much to the corporate clients of surveyors and valuers.

Adam Murza
Estates Gazette

The outlook for developers

NO YEAR which has provided, as 1977 has, an affair like the Peachey fracas could be said to do the image of the public company property developer much good. At present there are three sets of investigators looking at the past few years of the company: the Department of Trade inspectors; the Fraud Squad, and the company's own auditors, Price Waterhouse who, before the other two teams were summoned, had been told by the post-Sir Eric Miller Board to make their own internal investigation. Legal proceedings between a Peachey subsidiary and Sir Eric involving £140,000 have been started.

Whatever the outcome of all this, Peachey has served as a reminder of much of what was most offensive to public opinion about property companies. That Peachey caused little more than a week's headlines, and those for the political and foothalling connotations, is a measure of the relative obscurity property now enjoys in the league table of national grouses.

That obscurity is of value to a development industry as it prepares to return to its job. It is particularly significant for those public companies which can now see a period of modest expansion following one when they were heavy net sellers of assets.

Whatever the future of the Community Land Act, a greater element of partnership between the private and public sectors looks inevitable in the future. Mr. Nigel Mobbs, chairman of Slough Estates, last week insisted that: "The respective partners in these new partnerships will have to define their motives for participation, and where risk is assumed, adequate reward must be enshrined in the agreements. The public authorities, for their part, must ensure the continuity of policy so that the long-term nature of development is not frustrated by the short-term political cycle.

"But above all, there has to be mutual trust and co-operation if a partnership is to be successful and I am still wary that such partnerships can be created in this country unless there is a fundamental change of attitude by both sectors so that they appreciate that they are both responsible to provide a better environment for people to live and work in."

This attitude, while well understood by those major developers who have worked closely with local authorities for decades, notably on central shopping centres, is hard to translate into tangible projects while the complexities of Development Land Tax and the Land Act remain as great. There are purely financial disincentives to combat at present, in the shape of uncertain demand and building costs which outstrip rental projections, but even if these were favourable, the legislative complications would bar many projects.

Nevertheless Land Securities, the largest property group in the world, has produced an annual report which projects the possibility of a return to development. Rejecting what long-term funding was available to it, Land Securities has decided to sell sufficient assets (another £80m. after the March year-end, when it already had £63m. of cash) to finance the rump of its current developments and repay its U.S. dollar loan. The group will then begin to benefit from the formidable cash flow building up in the 1980s—a £35m. annual increase by 1987 from contractual rent increases, rent reviews and lease renewals. "The additional income potential is such that the group can expect to enjoy a period of growth which will include a return to development when conditions permit," said Lord Samuel, the chairman.

Cautious

That seems cautious enough, but it gives the lie to those who saw Land Securities reclining into the investment trust role which its full title implies. Clearly Lord Samuel does not accept the idea that a balance between investment and development in property companies is outdated.

Few major companies are in such a position of strength. But while Capital and Counties has demonstrated an extreme—and successful—form of degearing, MEPC has gained stability and, if the sale of its Canadian subsidiary goes through, comes closer to paying proper dividends again. It is a company that, because of its backlog of development sites—many of them from the Reed portfolio and producing little or no income—is committed to a development programme providing funding and in many cases pre-letting is achieved. The BP Chemicals office in Victoria and the Bond Street Underground Station redevelopment scheme are two London examples of this.

English Property Corporation has development properties valued at £250m. (about £80m. relating to the Canadian subsidiary) but this, like Land Securities, represents the end of the schemes started before the crash, with most of the buildings already completed and classed as development properties because they are not sufficiently let.

Next year it will revalue the development properties—having already made provisions and warned shareholders of a further overstatement of value—and at that point a clearer picture of the true worth of the group will emerge. It is perhaps the clearest case among the major groups of a company poised between consolidating before further expansion or a fighting up operation prior to a bid from its major shareholder, Eagle Star.

The fact that fewer bids have come in 1976-77 surprised some who felt that once there were signs of stability returning to the direct property investment market, the buying up of those with close links with insurance groups would follow. In practice there have been special circumstances in the cases of Artagen (Sun Life), Keith and Henderson (London and Manchester) and Land and House (Friends Provident Life), with only Artagen in a position to defend from strength.

But a further phase of development activity must increase the logic of institutions bidding and taking direct the rewards as well as the risks involved. Some pension funds—the Electricity Supply Nominees being perhaps the prime example—already reckon to be creating half their own investments.

Apart from the special case of the Prudential Assurance and Barclays Bank interests in the rescue of Town and City, the major insurance company stakes include Clerical Medical and General's 23 per cent. in Brixton Estate (the Royal also having nearly 7 per cent. with further options relating to its 1975 funding agreement); Norwich Union's 30 per cent. of Imry and 10.5 per cent. of Land Investors; the large stakes in Hammerson held by Standard Life (29 per cent. of "A" stock, 17 per cent. of Ordinary) and Royal London Mutual (11½ per cent. of "A" stock); the Legal and General's 16 per cent. of London and Provincial Shop Properties; and Phoenix Assurance's 20 per cent. of EPIC.

The General Accident holdings include 26 per cent. of McKay Securities, 23½ per cent. of the Ordinary and nearly a quarter of the "A" shares in Property and Reversionary (with an interest therefore in Property Holding—where Pearl Assurance owns another 15 per cent.), and 18 per cent. of Centrovincial Estates. The Eagle Star — besides its interest in English Property, which would expand through 30 per cent. on conversions — holds a third of Bernard Sunley Investment Trust, and Co-operative Insurance owns around 10 per cent. in Property Investment and Finance, United Real and Warnford Investments, as well as the majority stake in Oldham Estates.

Some key non-insurance holdings include the unspecified but reckoned around 15 per cent. holding in Haslemere by the Schlesinger group, British and Commonwealth Shipping's 28½ per cent. in City Offices and nearly 30 per cent. in Country and New Town, and Union Corporation's quarter share of Capital and Counties.

If the bids come, possibly the expertise within these companies will be transferred to direct development for the institutions. The death of the property company has, however, been forecast too often in the past — in strict tax logic the argument is strong—and a large proportion of major companies, even from somewhat reduced asset bases, should survive to take part in the next cycle of development along with the growing direct development activities of the institutions.

Urge

Mr. Nicholas Goodison of stockbrokers Quilter, Hilton, Goodison (also chairman of the Stock Exchange) emphasises the strength of the leading groups: "We are at a time now when there is less risk in investment in the leading property holding companies than there has been for about ten years. As in the middle 1960s the urge to build new properties has been killed by Government action. The leading companies are becoming investment holding companies. Land Securities, Great Portland and Stock Conversion, for example, now represent investments in prime property well below its real value with very large reversionary increases in prospect and it seems to me only a matter of time before the scarcity of new property, which will be brought about by Government's excessive restrictions against development, will cause another rise in rents and values. The companies which hold prime properties are on a very good wicket."

Q.G.

Office letting

RENTAL LEVELS seem to have stabilised, but the market in the older office buildings and those classified as "secondary" remains poor — as prospective tenants find that by shopping around they can lease good quality accommodation at realistic rents. This seems to be the case around the country, although the rental market seems to have picked up in central London.

In the City there has been an upsurge in lettings and sales. There are three reasons for this. First is the belief among insurance-linked companies, which seem to have been most active in taking space, that rental levels in the City have bottomed out and brought values down. This in turn has made it worthwhile to buy property at a time when insurance brokers especially were doing very well. Secondly, foreign banks have been attracted by the low rents and the decline in the value of sterling which has made those rents even cheaper to them.

Thirdly, there is the long-term conviction that with the Community Land Act and the various planning restrictions there could in the next few years be a considerable shortage of good-quality office space in the City. The scarcity, it is believed, could eventually create a new rental spiral.

Although the market revival has been mainly confined to either brand-new buildings or very-good-quality schemes, there has been an increase in demand for a large range of office premises during the middle months. As a result, rents for good-quality space, which stood at around the £12-a-square foot mark in the early part of the year had moved up to around £13.50 a square foot at the close.

There has been a decline in the number of companies moving to the suburbs. An example is the experience of Croydon, where rents have dropped from £7.50 a square foot for good modern accommodation to a situation "where it is difficult to dispose of premises even at £5 a square foot." Demand has been low in most of the suburbs—although there considerable inquiries for large units around Heathrow Airport is reported. Unfortunately, very little space is available on the west side of the capital.

In Bristol there are now some 900,000 square feet of offices available for letting in units of 5,000 square feet or over, but about 400,000 square feet are in secondary locations and are thus unlikely to find tenants for some time. Rental levels vary from £2 a square foot for secondary, substandard buildings to slightly over £3 a square foot for good new accommodation in prime positions.

Standstill

Nottingham has suffered from a drop in demand, rentals fell and office development came to a virtual standstill. The City has about 675,000 squre feet; City Gate House has an asking rent of £2.75 a square foot, although the rent prevailing in Nottingham for completed buildings which have been empty for some time is in the region of 1.50 a square foot.

Birmingham has almost 1.5m. square feet of unlet space, and as a result there has been hardly any movement in rental levels. There seems to have been a virtual absence of demand for larger office units. In the central area around Cathedral Square and Colmore Row rental levels for smaller suites are about £3 a square foot. But most of the excess space is situated outside the central area—around Edgbaston. Rents in that area have been reduced to around £1.75 a square foot for units of over 7,000 square feet.

In Coventry there are some 350,000 square feet of space available and the rents being quoted are between £2.25 and £2.75 a square foot for new accommodation, with existing offices attracting rents of between £1.30 and £2 a square foot.

The situation in Leeds seems to have been fairly gloomy, with demand for any space over 10,000 square feet very limited. In normal market conditions the amount of space available at the end of the year would represent a potential undersupply of space — over the last 12 years, apparently, the take-up rate has been over 200,000 square feet a year. If that average were to be re-established, there would be a shortfall of 350,000 square feet by the end of 1977.

With prime rents at about £4.75 Leeds is one of the few provincial cities where development is still viable. Rents for good-quality space in the city centre — established on review and with new lettings—towards the end of 1976 were between £3.50 and £3.75 a square foot.

The greatest problem facing Manchester is the vast amount of completed but still empty space. There are some 1m. square feet of unlet space on the market; and with annual demand running at about 180,000 square feet, it is not surprising that rental levels remain static. Rents for mediocre property are around £1 a square foot, while modern space attracts between £2 and £2.50 a square foot and air-conditioned units were able to fetch about £3 a square foot. Outside the city centre the surplus accommodation in Stretford has gradually been taken up. Despite this, rents at no stage exceeded £1.50 a square foot, but in Wilmslow they are about £3 a square foot.

Despite the belief south of the border that the Scottish economy is booming, the demand for accommodation in Scotland declined during 1976 for the first time in several years. This is particularly so in Edinburgh, where a number of large office blocks remain unlet. But agents believe that this is only a short-term glut since given the establishment of a Scottish Assembly much of this space would quickly be taken up.

The average annual demand of 400,000 square feet has slackened, mainly because of the cutback in public spending. But there is still a fairly strong demand for smaller units, which has helped to increase rental levels. For modern space rents rose to £5 a square foot, with smaller refurbished units attracting about £3.50 a square foot.

Shortage

In Glasgow there was also a drop in demand, although some well-located office buildings could still attract rents of over £4 a square foot. At present about 400,000 square feet are still on the market, but no new development is taking place and a shortage could occur in the longer term.

Demand in Aberdeen has also declined and new speculative developments are slow to let. But despite the oversupply, rents have risen between £3.50 and £4 a square foot. Because of the surfeit, few developments are being started and it is easy to foresee a situation where the demand for large areas of new space will easily exceed supply. Some 28,000 square feet of the 60,000 square feet available in small units were let, with rents reaching £4 a square foot.

Adam Murza

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Refurbishment costs

ONE OF the more curious quirks of the property market to-day is the lack of growth of interest in tha refurbishment field. Ever since development fell flat on its face at the beginning of 1974 professionals in the market have been widely expecting a resurgence of interest in refurbishments. After all, ooe or two specialist companies have sustained themselves on virtually nothing else throughout the 1970s—and their profit and loss accounts and halance sheets are looking healthy, which is more than can he said abont soma others.

The immediate attractions of refurbishment for an industry prevented from carrying out new developments include the freedom from planning nightmares (so long as the redeveloped space does not exceed the original space by more than 10 per cent.); the generally lower cost compared to building from scratch; and the market factor that if tenants cannot get top-notch modern premises they are attracted most by well restored period elegance.

But somehow refurbishment has not really taken off. "In the present climate there should he more of it being done than there is." This opinion of David Pickford, managing director of Haslemere Estates, the country's leading name in restoration of buildings, is one echoed by many.

There have of course been several companies which have undertaken refurbishment hut these were mostly during the palmy days of the early 1970s. Some of them were successful; others were not. It has been suggested that one of the reasons for the reluctance of developers to undertake refurbishments to-day is the difficulty of determining in advance which will be which.

For David Pickford, the key factors sound suspiciously aimple. "If you have a good position, a good building, done up well, it will always go." But one has only to rememher what happened to Amalgamated and Investment Property's flagship, the old Port of London Authority building, to see that aven with those factors in support disaster can occur.

Possibly examples such as this deter other companies from entering tha field. Possibly it is the aimple matter of costing. Until one actually starts work on a huilding to be refurbished it is virtually impossible to ascertain the costs with any degree of accuracy. After years at the game, Haslemere's estimators, after pricing the job as closely as possible, than add a further 20 per cent. on top "for contingencies."

Rampant

Tha contingencies can range from rampant dry rot to a complete absence of foundations and footings (not an uncommon discovery in Georgian houses which were built practically overnight to meet a client's whim).

The basic condition of the property, the alterations or smartening up needed to hring the property up to standard vary enormously. So does the cost. In four London properties currently underway, Haslemere is spending £14, £22, £30 and £40 a sqnare foot respectively. In each case, however, the company is adamant that it will be able to let the property at a rent which will show a decent margin.

This company ia currently carrying ont 21 refurbishments at the moment, ranging from 1,300 square feet of offices plus two shops next to the Chesshire Cheese puh in Fleet Street to the entire Bridewell Estate, bought for just under £3m., and incorporating six early Victorian buildings, one of 30,000 square feet, the others ranging from 5,000 to 9,000 sqnare feet. Mr. Pickford says that there is a steady, strong demand for small units of top quality in the City, and it is still looking for suitahle properties in this area.

Not all of Haslemere's reforbishments are in the City, though all of them are in the south east. One of the more unusual is a joint venture with the Crown Estatea to redevelop part of the famous Cornwall Terrace in the outer circle of Regents Park.

This scheme is hy no means the first Haslemere bas carried out in partnership with a public hody. It is quite common for the company to be approached by local authorities which have owned listed buildings for perhaps several years, with office use permissions. Either because they do not have the capital themselves necessary for a refurbishmeot or because their own labour departments are not set up for such work, they approach Haslemere to undertake the scheme.

In most cases the local authority offers a long leasehold to Haslemere on a peppercorn rent (or in some cases the full freehold for a notional or nil price). Haslemere then takes the bottom slice of the income in return for supplying the refurbishment capital and expertise, the local authority gets a modest middle slice, and both parties share the top slice.

Monopoly

Needless to say, deals such as this are not the monopoly of Haslemere, but there are few other companies in the field. David Pickford claims that his company would like to see more competition bnt it is hard to treat this as a genuine invitation to other companies to invade Haslemere's field with serious intent.

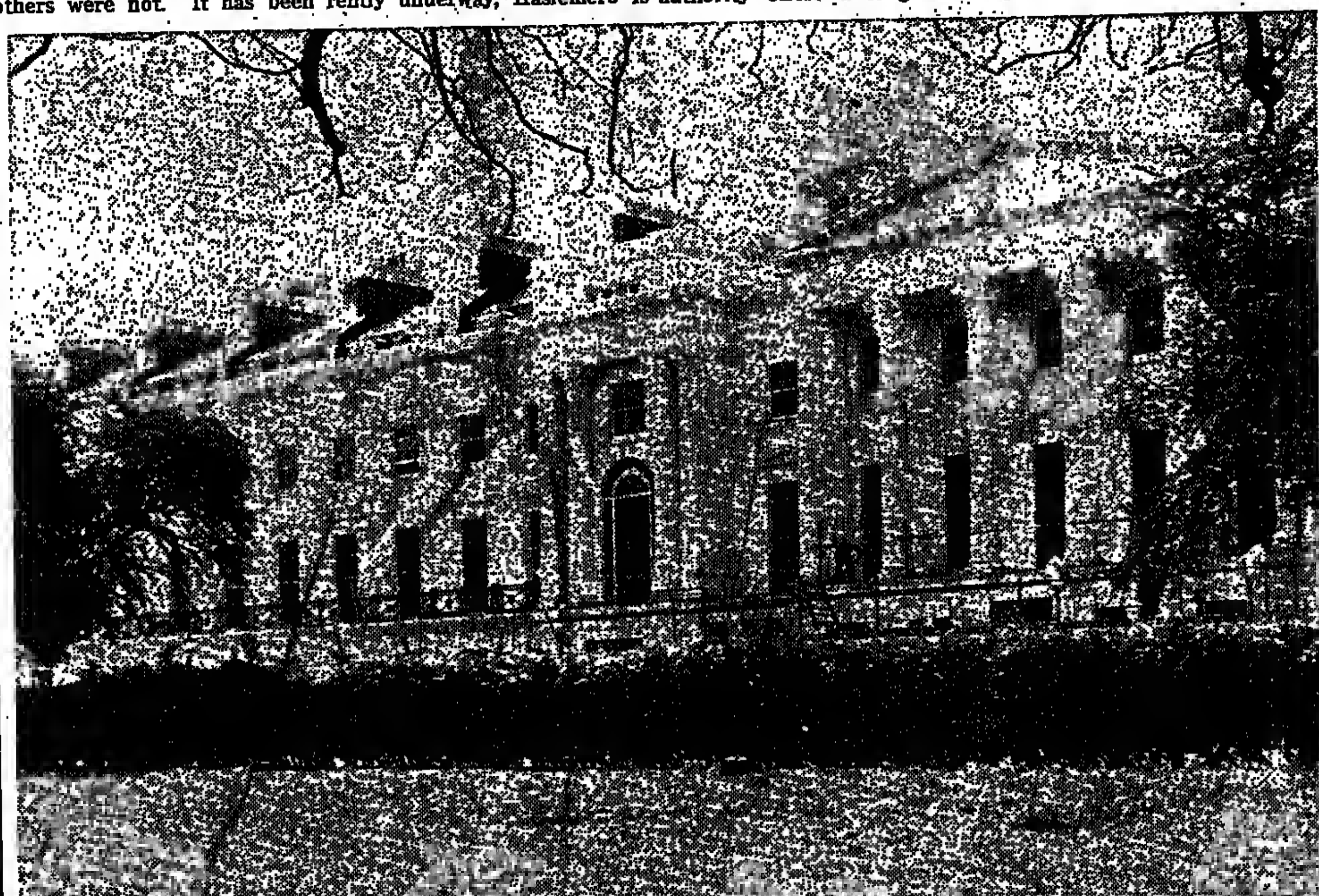
While it is offices with which the term refurbishment is most closely linked, it is of course possible to refurbish industrial property as well. One of the arguments which tended to influence investors towards offices rather than industrial buildings used to be that the latter became obsolescent faster than the former and that, changing patterns of storage being what they were, industrial properties could not be refurbished.

This notion has proved to be rather a myth—at least as far as post-war single-storey warehouses are concerned. It may well be true of the country's traditional image of an industrial building as a Yorkshire mill with several floors, but for the last 20 years and more industrial huildings have tended to be, as someone put it recently, merely envelopes of space.

Frequently they can be successfully brought up to modern standards by lifting the roof to to-day's 20 to 25 feet and, while doing so, increasing tha clear span to the 100 feet required hy modern storage demands. Although apparently daunting, the task is not impossible and can pay off in terms of douhled (or more) rents. As with refurbishment of office huildings, the key factor is location. But there is one other important consideration—yard space. The revitalised property will not [successfully unless there] turning room for to-da[y's] lorries plus parking for [...] cars.

So far industrial refurb[ish]ment is in its infancy—if o[nly] because the stock of buildi[ngs] where it can be carried out [is] only just ageing to the p[oint] where it is necessary. Bu[t it] could become a growth indus[try] and unlike office refurbishm[ent] it does not carry the same he[avy] element of unknown costs.

C.



Cornwall Terrace, Regents Park, London—this John Nash terrace has been carefully restored by the Crown Estate Commissioners, with the help of Haslemere Estates, and now provides 80,000 sq. ft. of office space.

Shops regain their lead

Before the days of inflation and wildly fluctuating yields shops always had the edge on offices as the market's favourite investment huy. Then the attractions of new offices won investors over—thongh shops never lagged far behind. Now the historical pattern has re-asserted itself. Prime shops are selling to-day on yields of 5½ per cent. and a shada under, which gives them a half-point advantage over comparably good office property.

This return to the historical relationship is no coincidence—thougb, ironically, it may have occurred just as the hloom is heing ruhbed off tha retail sector. What has drawn investors back to their old favourite has been the defensive qualities shown in prime shop rents throughout the recession. Two factors have supported rents throughout this period.

First, and most important, until Stage 2 of the Prices and Incomes Policy was well established, consumers' discretionary spending power managed to keep pace with inflation, with the result that retailers (while hourly expecting disaster to strike) at least maintainad their turnover in terms of value if not in volume. Many did even better. Secondly the dearth of new shopping centre developments, coupled with the acceleration of the trend towards shorter prime shopping pitches, placed a premium on the supply of prime shops. For quite a long time there has been almost a scramhle among retailers for any units coming on to the market in undeniably main pitches.

Bahind this trend were tha investors awakening to the prospects of rental growth against a climate of economic slump. But now the seemingly ever-rising trend in rents has tailed off. This is not surprising, since the Government's deflationary policies have now hitten deeply into consumer spending power and retailera are beginning to face up to the raalities they have hitherto only feared.

The point should not he overemphasised however. Rents have not hegun to drop. Indeed they are still showing substantial rises at review. What is bappening is that retailers are showing greater resistance to asking prices which they think are pitched above the market. Premiums are not common—though there are exceptions. In London, for instance, the tourist boom is stimulating retailers linked particularly to that trade.

It is not always, as one might think, the purveyors of souvenirs who are hanefiting, hut rather the retailers of traditiooal British goods such as cashmere and woollens (textiles or knitteds) and fine bone china are beneficiaries.

These are the types of retailers likely to he queuing for the Oxford Street units thrown on to the market by UDS's closure of the Swears and Wella fur and snede group. They will also be in line for those of tha 57 Burton shops being closed, and which are in prime locations in the main tourist towns.

There is also continuing support for the market from the denim industry. Often suspected of being on the decline, with sharp and disastrous effects on most High Streets, the jeans merchants are still surviving strongly. It is now thought that, far from being

CONTINUED ON NEXT PAGE

Stock market likes the view

THE STOCK market attitude to property companies has changed considerably during the last 12 months but is now more bullish than it has been for some time. Almost all specialists in the sector now believe that the long bear market in property shares is now over, although there is rather less agreement on the strength of the future bull market.

There have, after all, been a number of false dawns in the sector since the Financial Times Property Share index touched an all-time high of 357.40 in November, 1973. There was, in particular, a sharp rally during the first half of 1975 following the end of business rent controls and the fall in interest rates. But this was brought to an end by the realisation that the problems of many companies—highlighted by the difficulties of MEPC—were going to take far longer to sort out than had heen hoped.

There was also a period of strength at the start of last year but then an increasing amount of nervousness developed, partly reflecting the general financial uncertainty during the recurrent sterling crises of last summer. But all confidence drained away when Minimum Lending Rate was twice increased sharply in late September and early October and in 11 trading days the property index fell by 30 per cent. Indeed by the end of October, the index was only 15 points above its November, 1974 low of 95.95, a decline of 45 per cent. since mid-July.

The threat to the long-promised and delayed recovery in the revenue accounts of many companies was obvious, and indeed two housebuilder/developers (David Charles and the Greavew Organisation) soon afterwards collapsed. But the rise in interest rates also threatened values as investment yields rose sharply.

However, the period of panic proved short-lived and the sector quickly recovered most of the lost ground by Christmas: even so, the property share index had still under-performed the stock market as a whole for the third successive year. The recovery in property shares continued at the beginning of this year — with a rise of nearly 90 per cent. in the property index between the end of October and the end of March. The price performance has not been outstanding: since the end of March, the sector index has risen in line with the market as a whole.

It is certainly possible now to argue that the bear phase is finally over. The main obvious casualties have already gone under — notably Amalgamated Investment, and Town and Commercial last year—and there are few other candidates for collapse.

Moreover, among the survivors, the massive sales of the last three years are at last beginning to make an impact on total borrowings. Up to now, the disposals have largely gone to finance existing development commitments and revenue deficits. But now, at last, the borrowings are beginning to fall noticeably as development programmes near completion. The improvement would have begun even earlier but for the impact of the fall in the pound last year on foreign currency borrowings. The drop in total debt combined with the decline in interest rates has a doubly favourable effect on profit and loss accounts.

The result is that not only are some of the previously highly geared companies approaching a satisfactory balance sheet position but they are also moving back towards a revenue surplus. But there is still a long way to go before the major property companies make pre-tax profits after taking into account development outgoings.

Nevertheless the most obvious threats to the last three years have been removed. The more positive side is that some of the fundamentals in the market are now moving in the right direction—letting activity has risen and, to judge by the latest Royal Institution of Chartered Surveyors' analysis, rents are rising again, though mainly so far for prime shops and in central London.

Institutions

In addition, the institutional investment market has been becoming more active—not only with headline catching deals such as the purchase by the British Petroleum pension fund of the Knightsbridge Estate from Capital and Counties, but also with many smaller sales which have pushed prime yields back below 6 per cent. again.

All this provides the right background for the bullish case. This is essentially that a pick-up in economic activity will push up rents and values at a time when supply shortages increase as little new development is being carried out. Moreover the cash flow of most companies will be boosted considerably by the major batch of reversions due in the next few years. So is it back to the late 1960s and early 1970s again with a buoyant letting market and institutions chasing fewer and fewer prime investments?

There are grounds for caution—the sector is still vulnerable to movements in short-term interest rates and for many companies a positive cash flow is still in the future rather than the present. Moreover the recovery in the letting market is not yet firmly established throughout the sector as provincial rents are no more than stable. It also seems unlikely that economic growth during the next couple of years will have as broad an effect on property as in the 1972-73 boom. While the cutback in development—caused by high building costs and interest rates, stable rents and the uncertainties of the Development Land Tax—is a bullish factor for prime City offices and for top-quality shops there is still a plentiful supply of many other types of property.

The large batch of reviews and reversions from 1978-79 onwards—reflecting lease agreements signed in the 1940s and 1950s at well under current rents—has double edged implications. It certainly promises to boost the revenue accounts of many companies by a very large amount. But the increase in costs may result in many tenants moving out of higher cost accommodation into the suburbs. This could push more older and secondary space in central London on to the market, offsetting some of the impact of the cutback in development.

The current uncertainties about the sector's rating were brought out clearly in the recent report from Land Securities. This did not reveal the expected increase in net asset value: indeed after provisions on certain development properties, the net worth was unchanged. The investmant portfolio was valued on the basis of an equated yield of 8.66 per cent.

This was regarded by some commentators and property men as rather conservative, even after taking account of improvements in the market since March 31, the date of the valuation. The company pointed out in its report that the equated yield was above the present day anticipated yield from prime properties as a result of applying a higher yield to leaseholds and properties worth more than £5m. and after taking account of the reversionary nature of the portfolio and the long intervals between reviews. Nonetheless it is possible to see this as a cautions valuation in contrast to the burgeoning enthusiasm in other parts of the investment market.

Increase

At the same time, the Land Securities report highlights the massive increase in revenue from reviews and lease renewals during the next decade. If taxation, high interest rates and other uncertainties are turning quoted companies more into rent collection agencies than developers, then they will be groups with very healthy cash flows. This may, of course, tempt the institutions to make bids (a subject discussed in more detail elsewhere in this Survey).

One hurdle—at least in terms of presentation for the quoted companies—is the accountants' Exposure Draft 18. The proposals on annual valuation have been generally welcomed by the industry but there has been total opposition to the suggestions on depreciation. This aspect of the draft appears to ignore the nature of property investment companies in the U.K. and would cause considerable confusion to all concerned without altering any of the fundamentals of cash flow. Although it is arguable that many property companies' profit and loss accounts have appeared too favourable in the past, this suggestion is going too far in the opposite direction.

Peter Riddell
Economics Correspondent

23/26, St. Dunstan's Hill, London, recently sold by Gill and Duffus to Christopher Moran Holdings for nearly £700,000.

Shops

CONTINUED FROM PREVIOUS PAGE

suppliers to a fast dying fad, these retailers have the flexibility to change as the fads do and remain in business. Certainly, the opprobrium and suspicion with which they were greeted a couple of years ago are fading.

On the investment front, the shops market has also been the most active and most popular over the past year. Institutions have been keen to snap up major shopping centres. Most commented on in recent months, of course, has been Capital and Counties' Knightsbridge Estate bought by the British Petroleum pension fund for £45m. The equated yield for the purchase was only 6¼ per cent. which, considering the high proportion of residential and secondary office space included in the package, suggests a marked premium for the shopping element which is representative of the country's cream.

The Hammerson Group's sale and leaseback of its famous Brent Cross shopping centre to Standard Life for £23m. announced in May also attracted considerable attention. But its significance for the market is possibly slight. Standard Life had been supplying the funding for the scheme at low rates of interest and it already owned 40 per cent. of the equity as part of this arrangement. Now, in return for the entire equity it has cancelled the £23m. debt and still left Hammerson with a top slice of the income. This can be no bad thing for Hammerson given the prospects for rental growth at this remarkably successful centre, where the first reviews begin in 1981.

Yet a third major shopping centre sale is on the verge of being tied up, again as part of Capital and Counties' financial restructuring programme. This time it is the Victoria Centre, which has been on the market for some time with a price tag of around £20m. It is now widely believed that a deal has been arranged with a pension fund which will leave C and C with some sort of an equity stake at a price which would value the whole complex at about the asking price.

Involvement

It is also widely rumoured that the Croydon Whitgift centre has changed hands for £30m.

The involvement of the institutions in shopping centre development has been more patchy since the introduction of the Community Land Act. There was the highly publicised case of the Post Office Staff Superannuation Fund's pulling out of phase 2 of the Washington Town Centre because of the liability to Development Land Tax following the leaseback. But that inhibition has now been cleared away with the amendment to Clause 45 of the Act.

So far there has not been a spate of institutions flowing back into shopping centre development, though this has more to do with the difficult economic climate than the now sunnier fiscal climate. But there have been a few, such as Norwich Union's partnership with the local council in the Queensgate Centre at Peterborough.

One or two other schemes have got off the ground in recent months. Phase 2 of the Kingston centre in the London Borough of Kingston has finally got underway, as has phase 3 of Hartlepool's Middleton Grange centre, where Pinefare is to take 70,000 square feet of the 150,000 square feet in this tranche.

There has also been further steady activity on the hypermarket / superstore front. Following the noticeable relaxation in local and central government opposition to this type of shopping, the leading hypermarket operators have been pressing ahead with schemes. The latest to be opened is also Carrefour's largest. Sited at Walmley Ash Road in Minworth, north of Birmingham, it covers 148,000 square feet, 70,000 square feet of which is a single floor selling area. The building is surrounded by space for 1,300 cars.

Altogether this makes up a picture of activity on the shops front far outstripping any of the other sectors. More importantly, it seems that some sort of balance has been reached between retailers' needs for new space and investors' requirements for a good return on capital. While not as frequent as in the early 70s, developments are beginning to be undertaken again so that the acute shortage of space forecast 18 months ago by the opening of the 80s may not now be so critical. However, that is far from saying that there is a surplus of good shops.

C.M.

PROPERTY XIV

Most bonds gain ground

THE LAST six months have been good ones for property bondholders as some bonds are now standing above their 1973 peak levels. The Money Management Property Bond Index showed a gain of nearly 6 per cent. over the first half of this year, with every bond showing a gain and the best showing a rise of nearly 12 per cent. The upward trend shows signs of accelerating.

But over the past 12 months, investors have bad a bumpy ride, thanks to the rise in interest rates last autumn. This pushed up property yields and therefore reduced values. With commendable thoroughness, the independent valuers of the bond funds reviewed their portfolios and in many cases marked them down by 5 per cent. to 16 per cent., which resulted in bond prices showing falls of up to 11½ per cent. Prices did not fall to the extent of the reduced property valuations because of the cushioning effect of liquidity or overseas property in some bond funds. A few funds were not downvalued but marked time.

Despite last winter's falls, most property bonds have shown gains over a twelve month period, the best showing a rise of some 20 per cent. and even the worst performers show only slight losses. There are also signs that the bonds which have performed badly over a period of years are now catching up not only because of the property market revival but because they are putting their house in order. An important example is the small Welfare Life Fund which shows a 40 per cent. loss over five years, while most of its competitors show gains of up to 60 per cent. Having sold a development property, made some shrewd investments in property shares (an unusual step for a bond), Welfare's unit price is 9.5 per cent. up on the year and nearly 12 per cent. up on six months ago.

But the recent recovery in property bond performance has yet to be accompanied by a marked upturn in new business, at least for the major funds. Abbey Life, which had millions of pounds of redemptions last winter, says business is back to normal but still below last year's levels. Hambro Life, which also had net redemptions last winter, is now taking about £1.5m. a month. Property Growth appears to be more or less static but its Agricultural Fund, the only bond to invest exclusively in farmland, continues to take plenty of new business. Its performance was not affected by the rise in interest rates last autumn and its unit price is some 20 per cent. up on a year ago.

THE PRINCIPAL PROPERTY BONDS

(as at June 1, 1977)

Fund	Value £m.	Return over a year* (%)
Abbey Life	223	3.8
Hambro Life	79	0.6
Irish Life	39.1	12.3
Property Growth	27.9	−8.6
Save and Prosper	26.2	−5.2
Vanbrugh	16	0.8
Guardian	11	−8.2
Property Growth Agricultural	10.8	14.4
Merchant Investors	10.3	6.7

* Result of £1,000 policy held over the period of an offer to bid basis.

Source: Money Management.

Dependence

Sales of single premium property remain at a low level and most new business comes through regular savings plans or managed funds which give the investor the option of property, cash or equities. Sales of self-employed pension plans linked to property are growing steadily. The trend away from single premium property bonds is privately welcomed by some fund managers as it reduces a fund's dependence on "hot" money which tends to flow in when the market is high and ebb away when it slumps. But last winter large sums were switched out of property by holders of managed funds who preferred the fixed interest option and much of this year's new business for some property funds results from money being switched back again. This suggests that some funds are still vulnerable to "hot" money. Fortunately, the major funds kept over 15 per cent. liquid throughout 1976 and were able to ride out the winter without having to sell property to meet redemptions.

While major funds report little upsurge in new business, one or two funds are forging ahead. The most spectacular example is Vanbrugh Life, the former Vavasseur company revamped by the Prudential to handle its linked life business. The Vanbrugh Property Fund rose from £4m. to £9.1m. last year and since the beginning of 1977 it has almost doubled again to £17.2m.

Upsurge

Vanbrugh explain that this upsurge is due to switching from their other funds, rather than new business in single premium property bonds. Having grown so fast, the fund is currently 50 per cent. liquid but it has recently made its first million pound investment purchase, an office block in Watford. The fund believes in a well-spread portfolio and has bought over 30 properties since 1975. After some time in the doldrums, Merchant Investors reports net new business of up to £750,000 a month and it has also improved its performance. But apart from Abbey, Hambro, and the two funds just mentioned, only a select few of some 25 property bonds on the market are taking significant net new business. These include Irish Life, Property Growth Agricultural, Save and Prosper, Cannon, Norwich and Hearts of Oak.

Active

So it is hard to see property funds attracting vast sums from the public this year, though the total should improve on the 1976 total of around £35m. which was dragged down by heavy withdrawals last autumn and could well beat the 1975 total of £40m. But these figures are small compared with 1972-73.

As a result, property bond funds will not be major buyers this year. Rather than buy new property, Abbey, Hambro and other major funds will continue to spend millions on restructuring leases to improve rent review patterns or create marriage values to boost the values of their existing properties. A string of such deals can provide a useful boost to the bond price but this cannot be sustained indefinitely. The most active buyer and seller of property is the Hambro fund. Just after the rise in interest rates last year it paid £7m. for the Harpur Centre, Bedford, and later purchased office blocks in the City of London and in Ealing. More recently it s[…] Beagle House, Whitechapel, […] the occupiers for £5.5m. […] spent £3.75m. on three sma[…] properties. One or two sma[…] funds are buying property […] most notable example be[…] Cannon Assurance which […] spending £700,000 on a […] office development. But thi[…] not a sign of funds rushing […] development. Cannon's c[…]mitment is over a period […] time and the scheme is pre[…]

Bonds have become war[…] speculative developments […] cause a few, notably Tyn[…] Guardian and Save & Pro[…] have had their perform[…] affected by having large […] properties in their portfo[…] Despite Hambro Life's suc[…]ful record in development […] fund still has a largely e[…] office block in East Grin[…] and voids in its refurbish[…] at Leicester Square. Fo[…]ately these are only a small portion of the fund. While property-linked business […] been disappointing, sale[…] linked life assurance in ge[…] have been booming and se[…] major life companies have entered the field, either b[…]ting up new subsidiaries […] takeovers. They bring to […]perty bonds strong mark[…] resources and substantial […]up arrangements. The last […] has seen Merchant Inv[…] acquired by Nationale-N[…]landen and Property G[…] acquired by Phoenix. […]spring Equity and Law lau[…] a range of linked life p[…] and so has Sun Life, throu[…] Solar Life subsidiary. […] newcomers promise to […] rapidly and provide strong […]petition for the more estab[…] smaller property funds.

Michael Good[man]

Big increase in unit trust sales

PROPERTY UNIT trust sales appear to be booming. Current Bank of England figures show that for the first quarter of 1977, net sales totalled £25.2m., the highest quarterly figure apart from the exceptional £43.8m. in the second quarter of 1975. At this rate, sales this year would beat the record £88m. of 1975.

Unless interest rates rise sharply in a repeat performance of last autumn's crisis, property unit trust sales should remain at a high, if not record level. The largest trust, the Pension Fund Property Unit Trust (PFPUT) sees little sign of a fall off, having taken £10m. over the past three months, while the June subscription to the Fleming Trust exceeded its March subscription by some £2m. and topped the £8m. mark. But following a record subscription in March of over £9m. the Lazard trust took only about £3½m. in June, a figure the managers describe as average.

Lazard's experience suggests that sales of property unit trusts were exceptionally high this spring because so much investment earmarked for property had been held back during the winter of 1976, when the pension funds and charities who subscribe to property unit trusts preferred to leave their funds on deposit to take advantage of high interest rates. During the last quarter of 1976, property unit trust sales slumped to a mere £2.9m., although the year had started well and sales for the whole of 1976 totalled some £60m.

Fluctuations in property unit trust sales reflect the views of institutional investors, not the general public. The trusts are only available to "exempt funds," mostly pension funds and some charities.

The largest trust has some 500 investors, all pension funds, but some of the smaller trusts are in effect consortia of a handful of pension funds. Most property unit trust investors are the smaller pension funds, often local authority ones, who lack the resources to invest directly in property.

To finance direct investment in property—at the very minimum a commercial portfolio consisting of half a dozen buildings each worth £100,000—a pension fund needs to have a minimum size of at least £5m. and a good cash flow. For the smaller pension fund, property unit trusts are the only way to invest in property, apart from buying property company shares. But some trusts have attracted funds from medium and large pension funds who want to spread their portfolios.

THE PRINCIPAL PROPERTY UNIT TRUSTS

	Fund size June, 1977 £m.
Pension Fund (PFPUT)	130
Lazard	75.2
Fleming	68
LAMIT	50.3
Hanover	42.5
Mutual	33
Schroder	19
Grasshopper	*20

* January.

Evidence

Recent evidence suggests that property unit trusts have increased their membership as more small pension funds want a stake in first class property. Because its members are essentially long-term investors, property unit trusts are less subject to sudden withdrawals, unlike property bonds, so they can afford to keep their liquidity to 10 per cent. or less. But there have been cases of members wanting to opt out, and one of the potential drawbacks of property unit trust investment is that the bid price of the units depends not only on the value of the trust assets but on the views of the committee of management. In some isolated examples they have fixed low bid prices to discourage withdrawals.

As property unit trusts are not "authorised" by the Department of Trade, they are covered by fewer legal safeguards than either property bonds or unit trusts sold to the public. Fortunately, trusts keep to a tight code of conduct on such matters as valuations, and members of property unit trusts, in theory, have an effective control over management. Some of the big life companies, notably Legal and General and the Prudential, operate their own pooled property funds for "exempt" investors, which are virtually the same as property unit trusts, although the legal and taxation situation is different. Legal and General, which has operated a successful pooled pension fund for some years, is seriously considering setting up a property unit trust.

Without counting the pooled pension funds of the life companies, there are nearly 20 property unit trusts available and their total assets now exceed £450m. The largest, and oldest fund, the PFPUT, is now worth over £130m., having stood at £116m. at the end of last year. The second largest, the Lazard, was worth about £75.2m. before the current subscription, while the Fleming, the third largest, totals about £68m. Three more, the Local Authorities Mutual Investment Trust (LAMIT), the Hanover and the Mutual are in the £35m.-£50m. range.

Trusts invest mainly in completed properties and reversions, but one or two have entered the development field and the PFPUT pioneered investment in farmland and has property in Europe. But the current trend is to set up separate trusts for these specialised fields. As the agricultural market recovered in 1975-76 a crop of new agricultural trusts appeared, notably the Pension Fund Agricultural (stablemate to the Mutual), the Mutual Agricultural (stablemate to the Mutual) the Abbotstone and the Kleinwort Benson.

Together their assets total under £10m., so they are still small fry. Three trusts have concentrated on overseas property—the Barclaytrust International which is in the doldrums at present, the Singer and Friedlander, which is virtually a consortium of large pension funds, and the Paneuropean, which now totals over £10m. and has been actively buying property in West Germany, the Netherlands and Jersey.

Returns

It is too early to judge the performance of the agricultural trusts, although the recent performance of the Abbotstone and the Mutual was reasonable but not outstanding, and the European trusts seem to have done no better than their competitors. According to a survey by Harris Graham and Partners of performance to the end of March, 1977, trusts showed returns of 1.8-21.1 per cent. over a one year period and that over a five year period, the annual returns varied from 1.7 to nearly 13 per cent. The PFPUT, the only fund in existence over a ten year period, showed an annual return of 8.9 per cent. over this longer term.

The best performer over one year and one of the best over a longer period is the £8.5m. Charities fund. Much of its recent increase in value is due to rent reviews occurring over a short period of time. One of the worst performers over the year and over a longer term is the Grasshopper trust, which committed over half its assets, some £10m., to the near-disastrous Tour Astro scheme in Brussels from which it had to be extricated by its sponsor Barclays Bank under an arrangement approved last winter. Since then Grasshopper has staged something of a recovery.

Having a 200,000 square foot unlet office block in Birmingham must account for the recent poor performance of the Lazard trust, which showed a gain of only 1.8 per cent. in the year to March. Fortunately this building now accounts for well under 10 per cent. of the fund, which is busy buying further properties. It is currently negotiating on over £7m. worth, including a development scheme costing around £4m. It has also bought a £1.5m. London industrial estate from the Hill Samuel Property fund in the only example of a deal between a unit trust and a property bond.

Few other funds show much enthusiasm for developments unless they are pre-let, but they may have problems later this year in investing their bumper subscriptions. It is worth noting that the Fleming Trust, having bought some farms last year, now considers land prices too high and returns too low.

Michael Goodman

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

Where to invest North Sea oil

T AN aspect of the English ness that even pieces of good ...une leave the ruling establishment unprepared and torn ...dissension? We have had ...number of years in which to ...pare for the problems and ...ortunities of North Sea oil. ...in a year when the Bank ...England is already talking ...t an effect of £3bn. on ...le trade, there is still all ...day for on the main policy ...es.

...here is, for instance, a major ... even bitter debate in ...rnment circles on whether ...ake out the benefits of North ...oil in the form of official ...seas debt repayment or ...e rapid expansion of output ...employment. The difficulty ...of making a contribution to ...debate is that it is based ...false assumptions by both ...s.

...oth sides assume that ...wth depends on monetary or ...al policies (or the extent of ...flation" as it is confusingly ...ed). Both assume that the ...and management policies ...can pursue depend on the ...nce of payments objective; ...t is, the higher the current ...ount surplus we try to ...ieve, the less of a stimulus ...Chancellor can afford to ... Finally both sides assume ...t the extent of official debt ...ayment depends on the size ...the current balance of pay...ots surplus.

...ll these assumptions are ...ing or misleading, however ...ventional they have become ...economic debate. In the first ...ce, the growth of the British ...nomy does not depend on ...size of the stimulus it re...ves from the Chancellor. ...ne of the biggest fallacies ...he conventional wisdom is to ...k at some major country's economy sector by sector, ask sceptically "Where is the growth coming from?" and then recommend the Government of that country to stimulate demand. It was on the basis of this philosophy that the Americans were urged to "reflate" in the first part of this year, just when the U.S. economy was about to embark on a fresh upsurge. One wonders how any economy ever grew before 1914 when governments did not make economic projections and would not have even understood the meaning of "demand stimulus" or "reflation." How did Queen Boadicea or King Alfred or Hereward the Wake or Charlemagne ever manage without such calculations? And how did Europe ever emerge from the Dark Ages without reflation? (The last time I made these points was on the eve of the Heath boom of 1972 and received a very pained letter from a demand management economist.)

Of course there can be such things as depressions. It is also possible for the underlying monetary and fiscal framework to be too restrictive. But no special measures are required to ensure that demand rises to reflect the faster growth potential arising from North Sea oil. The fiscal yield from royalties and taxes is expected to be nearly £5bn. in 1980 at current prices; and the estimate could be revised upwards. This will provide the wherewithal for increased private or public spending for a given balance of the budget without "reflation."

But even if I am wrong on this major point, and growth does depend on discretionary demand management, it is still misleading to assert that the Chancellor's freedom on manoeuvre in monetary and fiscal policy depends on the balance of payments. The fact that every Chancellor has been advised to say this, and that the IMF believes it, still does not make it true. The balance of payments—which includes the capital as well as the current account—balances automatically if the authorities refrain from intervening to support or depress the exchange rate. The Chancellor *can* have an independent monetary and fiscal policy any time he decides to embark on a clean float. In short, the balance of payments constraint on growth is a convenient myth for our leaders and their advisers.

Thirdly—and here is where the central bankers are as misleading as the expansionists—there is no compelling need to repay official overseas debt according to any particular timetable; and even if there were, the rate at which we could afford to repay is not closely linked to the size of the current account surplus. The great bulk of the $20bn. of overseas debt due for repayment up to 1986 consists of medium-term Euro-dollar loans which can easily be refinanced so long as the U.K. maintains reasonable creditor status. When there are $40bn. of new petrodollar funds looking for investment every year there is no problem in borrowing from the market to refinance the IMF repayment.

The June reserves figures illustrate just how easily the current account can be dwarfed by perfectly normal and non-speculative capital movements. Official gold and foreign currency rose by $1.67bn. after the raising of $750m. from the British National Oil Corporation Loan and an unspecified amount from overseas purchases of BP. With transactions of this kind taking place nearly every month, it is absurd to identify the balance of payments, even under a managed exchange rate, with the current account.

At the other end of the economic spectrum, there is a view of North Sea oil, which is not so much wrong as incomplete. This is the one that sees the problem mainly in terms of preventing a balance of payments inflow from inflating the money supply. The issue is important and is discussed in an authoritative analysis in a special Greenwell monetary bulletin out to-day. Not surprisingly, but quite correctly, it comes out in favour of a free float, and liberalisation of outward exchange control. (The only technical alternative is the imposition of tight inward exchange control.)

It is quite true, as Mr. Gordon Pepper of Greenwells spells out, that anything, such as North Sea oil, which increases the country's growth potential, as North Sea oil is likely to do (by up to 1 per cent. a year over the next few years), is likely, if it is handled correctly, to make control of the money supply politically easier. Nevertheless, this is still not the heart of the matter.

The primary object of money supply control is to regulate prices, not real things. We may *hope* that a lower and more stable rate of inflation may have some spillover benefits on industrial efficiency and enterprise. But these would be incidental to the main benefit, and it would be rash to count on them in advance. No less a monetarist than Professor Milton Friedman has suggested that countries can ultimately adjust to widely varying rates of inflation. It only plays into the hands of the anti-monetarists and interventionists to exaggerate the benefits to growth and employment from curbing inflation.

The real problem about North Sea oil relates to investment. There is at least a chance, although not a certainty, of its running out before the end of the century, and there is further doubt about the long-term movement of oil prices relative to other products.

There is therefore an argument for seeing that the oil revenues are not all spent on extra consumption or Government spending and that a large part of the proceeds is devoted to investment. The suggestion in this column on May 26 of a North Sea equity for all, representing the citizen's stake in Government revenue from an income earning asset, was not just a *jeu d'esprit* but meant very seriously indeed. But at present I am concerned with Government policies which would be necessary in any case.

The instinctive establishment reaction is to think of manufacturing industry. But as Mr. Nicholas Bosanquet points out in his new Fabian pamphlet, *Economic Strategy*, there are already five types of investment incentives which "go a very long way towards relieving firms of the total cost of making the investment." Yet they have not succeeded in stopping the decline of the investment ratio.

One can certainly criticise the Government policies which unnecessarily depress the return on capital. But the evidence from so many countries under so many different regimes suggests that we have entered the realm of rapidly diminishing returns from extra manufacturing investment.

> **"The evidence from so many countries under so many different regimes suggests that we have entered the realm of rapidly diminishing returns from extra manufacturing investment. To push more resources into loss-making industrial projects by means of Government bribes would be far inferior to having a consumer spending spree in the spirit of Eat, drink and be merry before the nuclear explosions start."**

Overseas investment is in a different category. This is simply because the largest imaginable increase here would be far to tiny in relation to the world investment total to depress the rate of return by a noticeable amount.

The repayment of official overseas debt and the liberalisation of outward exchange control to encourage private overseas investment are alternative methods of increasing net overseas assets. We may be able to do both. But if there is a choice, it should be based on a comparison of the post-tax return from overseas commercial investment with the servicing costs of the official debt.

Interestingly enough, the recommendation that foreign debts should be repaid and exchange controls relaxed is contained in a forthcoming pamphlet by the Labour MP, Mr. Bryan Gould and two co-authors entitled *"The Competitive Exchange Rate Strategy."* It is true it appears as a second best to other suggestions. The interesting aspect, however, is that Mr. Gould and his co-authors believe that sterling has been consistently maintained at too high a level, whereas I think that it has been too often this year artificially depressed. Yet we can all agree on a freer float and exchange liberalisation, no doubt with different expectations about the results and different views about the appropriate accompanying internal policies.

Liberalising overseas exchange control is a necessary but not a sufficient condition of generating overseas investment. With free international capital movements there is an international real rate of interest. At this level all British investment projects which offer a reasonable prospect of profit will be financed automatically. If domestic saving is inadequate they will be financed by an overseas inflow. If domestic saving exceeds the supply of profitable projects it will be balanced by an overseas outflow. The current overseas account will thus adjust to capital movements, not vice versa; and the role of the exchange rate is to generate whatever current surplus or deficit is required to offset the capital movements.

Liberalised exchange control and more overseas investment would therefore automatically mean a larger current surplus, a lower exchange rate relative to home costs, and larger and more profitable net manufacturing exports. If these side effects help to sell the package to a constituency ranging from the manufacturing lobby to Labour backbenchers so much the better. But the main reason for advocating it (apart from the intrinsic undesirability of exchange control) is to ensure that some of the gains from North Sea are used to purchase overseas assets. All else is incidental.

Letters to the Editor

Merry-go-round

From Mrs. Rowena Mills.

Sir,—Just how much farther can the totally idiotic methods of financing nationalised industries go?

Surely we have reached the ...nete in stupidity when in one ... the columns of the Financial Times tell us that ...n is required for investment ...e gas industry to replace ...equipment, mainly ... the next when we read that ...rnsley "favours a refund of ...s profit from gas" amounting ...o £36.6m. or around 8½ per ... of forecast investment requirements!

...a Mills,
...Grays, Highercombe Road,
...mere, Surrey.

Information for creditors

From Mr. R. A. Meguyer.

Sir,—I strongly support the recommendation contained in ... consultative committee of ...tancy bodies' memorandum ... the Department of Trade ... receiver should be required to report to all creditors ... prospect of payments.

...March, 1974, I was working ... one of the best known receivers on a sizeable public ...any that eventually went into liquidation. I was requested ... progress report which could ... been released via the Press ... cost to anyone. There ...ertainly no question of "A ... of money to produce a ... of documentation." Nevertheless, I met absolute refusal ... anything over and above ... minimum legal requirements.

...that time, there was in existence a most comprehensive ... up-to-date report on the company's affairs which had been ...lly prepared by the company's auditors following board ...ements concerning the company's true position. This ...nation only passed as far ... the receiver and his ...ster, where it stopped.

...this stage, I have only one ...m to make of the CCAB memorandum which is that it ... not go far enough. If ... creditor feels sufficiently ... sure of his information ... appoint a receiver within ... hours of a moment ... doubt, then, the first report ... creditors can and should be ... much sooner than the recommended 12 months. In ... a situation, 30 days would ... be unreasonable.

...Meguyer,
...Hotel Jordan Intercontinental,
...Box 35014,
...n, Jordan.

Mergers of ...ions

From the President, ...ation of Managerial ...ical Executives.

Sir,—Mr. John Lyons' letter (...2) might be taken to mean ... Association of Managerial Electrical Executives had ... time been opposed to ...ther the Electrical Power Engineers Association or the ...el and Local Government ... Association.

...set the record straight I ... it should be pointed out ... such proposal was ever ... generally acceptable. ... For our part we tried to ... port for the formation of a completely new association to ... managers in electricity. ... This would have involved all our members plus ... members of the other two associations who are electricity supply managers (the great majority are not). This, too, proved unacceptable and hence when the Electrical Engineering Staff Association (the supervisory and management wing of the EETPU) made an approach to us we were happy to ballot our members on their proposals. These were accepted by an overwhelming majority. Our members were clearly influenced by the fact that although for convenience the resulting agreement has been referred to as a "merger" it is in terms with which the intelligentsia in any City or newspaper "takeover" would be delighted.

The AMEE retains its completely independent structure and will continue to run according to its own long-standing rule book. With the advantage of the administrative and negotiating backing of a larger organisation behind us we shall continue to be available as the only independent association solely concerned with the interests of electricity supply managers.

It should be added that your Labour Correspondent was evidently including our associate (retired) members in our total membership. He was right to do so: we believe the importance of our services to retired members is growing and will continue to grow. Someone must be ready to fight to ensure that the value of people's pensions is maintained.

M. F. A. George,
63, Lode Lane,
Solihull.

Legal Services Commission

From Mr. J. Stratton.

Sir,—As a practising solicitor and executive council member of the British Legal Association I have read with interest the letter of the chairman of the association published on July 4 and the response by Sir Henry Benson (July 6).

The points made by Mr. Best bring to light the manner in which commissions such as the Legal Services Commission are set up. The commission was announced at the instigation of the former Prime Minister as a result of pressure from members of his own Party, and as would appear to be the custom nowadays the commissioners have been drawn from roughly opposing wings of the political and professional or business world, in the hope, presumably, that some sort of balance eventually will be struck in a report to emerge from persons of such patently opposed views.

Any method of selection of persons to serve on a Royal Commission is open to criticism, but it does seem a most unhappy situation when persons chosen to serve on the commission are directors of organisations which are publicising their views on fundamental issues which are for consideration and formal report by the commission, in due course. If such persons are connected with organisations having particularly strong views, one way or the other, on matters upon which the commission is to deliberate, then surely they cannot expect to be seen to be impartial and fair in their judgments on such issues. In my respectful submission, it would have been preferable for the members of the commission to be composed of responsible and possibly distinguished persons drawn from a wide cross-section of the community but not one holding office in organisations having known pre-established views on the issues involved, and whose organisations are free to publish such views while the commission is sitting.

Unfortunately there now can be little faith on the part of the profession whose future is under consideration, in the impartiality and objectivity of any report which will result from the commission's deliberations. This is a pity and could, I feel sure, have been avoided.

Jolyon Stratton.
20a George Street,
Stroud, Gloucestershire.

Mining in Cornwall

From Mrs. E. Small.

Sir,—I have been amazed to discover, from your Mining Editor's article (June 23) that, at a time when this country greatly needs the production of natural resources, tin mining in Cornwall is held up by the difficulty of obtaining the right to mine, due to the inability to discover the owners of mineral rights.

Surely legislation could be brought in to waive those rights after a required time? The finances of the country should certainly not suffer because the owner of mineral rights has completely disappeared.

I was very interested to know that Mr. John Trounson, the Cornish Mining Association's chairman, has stated in his annual report that the "frequent inability or, at best, great difficulty of obtaining rights to mine in this country is as much responsible for restricting the growth of the mining industry as anything else that can be named."

As a Cornishwoman I know of the difficulties brought about when the owner of land disappears into the blue and no trace can be found of him; but surely in wartime legislation would soon be brought in to allow us to remove our wealth from the ground when it is proved without doubt that the owner of its mineral rights cannot truly be found. And who dares to say that this country is not in an even more critical condition than that caused by war?

The Government often proclaims its concern over unemployment yet it allows it to continue in Cornwall. It is high time that the necessary legislation is produced to allow us to use the wealth in Cornwall's land and give work to its people.

I do know that Mr. Trounson works tremendously hard to foster the interests of the West Country tin mining enterprises. If the Government's effort matched his energy we should have obtained the necessary legislation by now and Cornwall would have produced vastly more than a quarter of the U.K.'s tin last year.

E. L. J. Small,
Kopiri, 26, Crescent Road,
Burgess Hill, Sussex.

Housing policy

From Mr. M. Johnson.

Sir,—The welcome given by Mr. Rogaly (June 29) to the Government's green paper on housing displays a sad departure from his normally penetrating analysis.

He fails to recognise any so-called bi-partisan policy almost certainly is designed to cover up a refusal to accept the reality of uncomfortable truths contrary to current convenient political fiction. In the case of housing it is quite clear that successive Governments in competing generosity with the taxpayers' money have succeeded, as was inevitable, in achieving a major misallocation of scarce resources.

The ridiculous situation at present is that we not only have too many houses but a large number of homeless. In addition labour mobility is reduced, excessive use of house space encouraged, and investment diverted from potentially more productive use by the all pervading subsidies. Politicians on both sides of the House are guilty of a conspiracy to ignore the reforms which would ease these problems of their own creation: specifically a reform of the rent Acts to give less security of tenure to individuals would do more to help the homeless as a group than any amount of the taxpayers' money. In addition a (say) ten year programme to abolish all subsidies and tax reliefs on the consumption of housing with the savings devoted to cuts in other forms of taxation and increases in benefits paid to the poor would at least remove the worst inequalities between the haves and have-nots in housing.

This is a far better and permanent solution than adding yet another tier of subsidies to those who have not yet bought a house.

M. W. Johnson,
75, Vallentin Road, E.17.

Encourage the winners

From Mr. R. Wood.

Sir,—The Government is coming round to the view (long propounded by the Conservatives) that the emphasis of our national policy must be on encouraging winners rather than unduly propping up declining industries. Governments' past record in industrial investment however makes one extremely suspicious of any "dirigiste" policy which says that "Concorde" or "electronics" or whatever, are things of the future and therefore huge sums of public money should be poured into them. Similarly, investment grants are paid regardless of whether or not a given investment proves worthwhile to the nation.

What we surely need, rather than Governments passing judgment, is for them to remain morally neutral but set the tax ground-rules to favour firms which are both profitable and fast growing. Why not therefore abolish capital allowances; set corporation tax at a fairly low percentage; and reduce corporation tax further if, after allowing for inflation, a firm's sales in terms of value added increase faster than the national long-term average. Thus, for example, a firm with no sales growth might pay 40 per cent. corporation tax, a firm with 10 per cent. growth might pay 30 per cent. and a firm with 20 per cent. growth pay 20 per cent.

Obviously, the implications and complications of such an innovation would be considerable. When one firm took over another, the acquired company's sales at year beginning and year end would have to be included in tax calculations. A U.K. based international group would have an inducement to invest in U.K. rather than overseas production. Provision might have to be made to avoid firms suffering in cash flow terms—at present capital allowances are paid before most of the consequent sales expansion is achieved. Other things being equal, Government net profits tax revenue would be more stable because firms would get more "sales growth relief" in boom times.

Besides the argument that the suggested policy would be a direct incentive to growth, firms which are growing fast, by definition need a high level of net profits for reinvestment. The benefit could be particularly valuable for small and medium-sized innovative firms.

R. F. Wood,
6, Chestnut Lane,
Inkberrow, Worcs.

Chile's foreign debts

From the representative of the Central Bank of Chile in Europe

Sir,—Recent articles published in your columns concerning the level of indebtedness of developing countries toward private banks have contained special references to the position of Chile which raise doubts in the reader's mind with regard to our country's ability to fulfil its international obligations of repayments from 1977 onwards.

It is true that at this stage the cost of servicing the external debt is excessive for Chile's means, being some 40 per cent of total export. But it is precisely this major sacrifice currently being made by our country to fulfil all its repayment obligations without renegotiating a single one of them since 1976 which is restoring Chile's credibility in the eyes of the international financial community. By 1980 it is anticipated that servicing our debt will only come to 21 per cent of our exports.

It would lead to quite wrong conclusions if one were to judge the external position of Chile from the considerable increase in its short term indebtedness towards private banks. This form of debt has been used to finance the growing volume of our international trade (non-traditional exports have grown five times between 1973 and 1976) and the internal growth of private enterprise. But this has not meant using "hot money" to finance imbalances in the balance of payments as some comments suggest.

In 1976 the balance of payments showed a surplus of US$455m. To-day gross reserves come to US$800m. enough to guarantee short term loans from banks, the total of which currently stands at around US$860m.

Even though the price of copper is depressed at the moment (copper accounts for 60 per cent of total annual exports), this will not mean any change in this year's economic position. At present the country's fiscal budget is based on a conservative estimate of copper prices (an average of US$0.60/lb. for 1977) precisely to avoid fluctuations in the prices of copper endangering the growth and balance of our economy which we have managed to put in order thanks to so much sacrifice.

No country can live indefinitely beyond its means nor in the expectation of merciful external aid. Access to international markets as well as development credits from international agencies require a considerable degree of self-discipline and economic orthodoxy. Chile is fully aware of these facts, and it seems that this has been appreciated by the international financial community if we consider the gradual lengthening of maturity and the decline in interest rates obtained by Chile in its latest transactions in the financial market.

Should the Chilean model of economic self-reliance prove successful, as it has so far, it could unintentionally become an alternative for other developing nations which have unsuccessfully tried the "imploring road to development" as one economist used to call it.

Vasco Undurraga,
P.O. Box 239,
1211 Geneva 19,
Switzerland.

To-day's Events

GENERAL

Saffron Walden by-election (result declared lunchtime tomorrow).

National Union of Mineworkers' conference continues, Tynemouth.

Transport and General Workers' Union conference continues, Douglas, Isle of Man.

PARLIAMENTARY BUSINESS

House of Commons: European Assembly Elections Bill, second reading. Motions on Ministers' and MPs' pay and secretarial allowance.

House of Lords: Rent Bill (HL), third reading. Protection from Eviction Bill (HL), third reading. Minibus Bill, third reading. Sexual Offences (Scotland) Bill (HL), third reading. Detonators Bill (HL), report stage. Local Authorities (Restoration of Works Powers) Bill, second reading. Northern Ireland (Emergency Provisions) (Continuance) Order 1977. Northern Ireland Act 1974 (Interim Period Extension) Order 1977. New Towns Bill, second reading and committee negatived. Unfair Contract Terms Bill, third reading.

Select Committee: Race Relations and Immigration. Subject: Government assumptions about immigration. Witnesses: Department of Employment, 4 p.m., room 15.

COMPANY RESULTS

Pontin's (full year). Rothmans International (full year).

COMPANY MEETINGS

Altifund, 2, St. Mary Axe, E.C., 12. Brockleys, Wellington, Telford, 12. Bremner, Glasgow, 10.30. Doranakande Rubber Estates, 1-4, Great Tower Street, E.C., 12. Elswick Hopper, Great Northern Hotel, N., 8. Fine Art Developments, Burton-on-Trent, 4. Furness Withy, 14-20, St. Mary Axe, E.C., 12. Guardian Investment Trust, Bucklersbury House, E.C., 12. J. N. Nichols (Vimto), Manchester, 11. Pyramid Group, Hilton Hotel, W., 10. Rowton Hotels, London Park Hotel, S.E., 12.

COMPANY NEWS + COMMENT

English Card turns in near record £2.8m.

SECOND HALF pre-tax profit of *The English Card Clothing Company* more than doubled from £0.76m. to £1.83m. and ended the year to April 2, 1977 up from £1.55m. to £2.86m., just short of the 1974-75 record of £2.87m.

In December last year the directors forecast that profits in the second six months would show an improvement over the first.

Earnings per 25p share for the year are up from 8p to 19.1p; a net final dividend of 1.62p lifts the total from 2.3825p to 2.62p.

Exchange rate changes contributed £0.34m. (£0.25m.).

	1976/77 £000	1975/76 £000
Turnover	17,597	13,155
Pre-tax profit	2,860	1,546
U.K. tax	433	171
Overseas tax	1,219	842
Net profit	1,208	533
Attributable*	1,100	467
Pref. divs.	10	10
Ord. divs.	150	136

* Includes U.K. £569,000 (£206,000), Europe £167,000 (£24,000) and India £385,000 (£235,000).

● **comment**

English Card Clothing has made a full recovery to peak 1975 levels. Most of the advance came in the second half (against a depressed comparable period) when profits were up 150 per cent. The turnover increase of a third for the year came largely from the sterling slide and price rises—for the actual volume increase was no more than a tenth, and then mainly on the specialised wire side. So although the textile recovery is helping EEC, the improvement has been fuelled by the motor, engineering, and publishing industries. Just over half of attributable profits comes from the U.K. (after a 175 per cent. increase), but there are also strong recoveries in both the rest of Europe and India where the tax charge has been reduced; this tax benefit explains why earnings per share are 9 per cent. ahead of 1975 when pre-tax profits were at the same level. ECC could be one of the main beneficiaries if dividend restraints were lifted, for the yield of 7.4 per cent. at 56p (up 5p yesterday) is covered 7.3 times, with the p/e at 2.8. Nearly half of ECC's shares are held by two separate parties, Mr. J. Hyman and Carelo Ltd.

INDEX TO COMPANY HIGHLIGHTS

John J. Lees earns and pays more

After deducting all expenses, less non trading income, of £1.07m. against £0.84m., confectionary manufacturers, John J. Lees was left with a pre-tax profit of £113,137 for the year ended March 31, 1977, compared with £97,949.

At halfway profit was ahead from £30,442 to £60,943.

The dividend for the year is lifted to 1.9078p net per 10p share, compared with 1.712p, with a final of 1.4078p.

Turnover rose from £0.94m. to £1.18m.

Tax took £56,230 (£41,092) and £37,829 (£39,737) was retained.

Henderson Kenton peak £1.4m.

FURNITURE RETAILERS, etc. Henderson-Kenton reports record taxable profits of £1.41m. for the year ended March 31, 1977, compared with £1.38m. on turnover *increased from £16.9m. to £20.07m.*

At halfway profit was ahead at £0.49m. against £0.44m.

The directors state that June sales started very well and deliveries so far in the current year show an increase in spite of difficult trading conditions in the first two months. This indicates the strong position of the company in gaining significantly from any improvement in trading they add.

Gross margins are improving without detriment to sales volume and, with continuing control of costs, benefits should be shown this year.

The directors, who anticipated a modest increase in profits at the *interim stage state that the* results continue the company's steady pattern of turnover and profits expansion although exceptional pressures on margins coincided with high interest rates during the year.

Considerable expenditure was incurred on the purchase of freeholds, not an on-going situation, and on new shop openings, especially in the latter part of the year. New branches which did not have time to contribute to profits will do so in the current year, the directors say.

Earnings per 20p share are shown as 17.1p (13.5p) and the gross dividend is lifted to 3.35046p (3.04615p), the maximum allowed, with a final of 1.812p.

In the 1970s the compound annual growth rate of pre-tax profits has been 32.3 per cent., and turnover 25 per cent.

	1976-77 £000	1975-76 £000
Turnover	20,069	16,902
Trading profit	2,288	2,561
Depreciation	231	188
Financing costs	271	182
Directors	68	67
Audit fees	12	8
Operating profit	1,706	2,118
Transfer*	300	739
Profit before tax	1,406	1,379
Taxation	363	558
Leaving	1,043	831
Dividends†	130	117
Retained	913	704

* To reserve for unrealised profits. † Less waivers.

● **comment**

A disappointing final quarter resulted in a full year drop in operating profits of a fifth at Henderson-Kenton. Trading was obviously difficult after Christmas as the retailing statistics have borne out, and margins came under pressure. The future, however, looks brighter. Sales volume may not show much advance in 1977-78, but H-K reckons that it will be able to repair its gross margins aided by its close relationships with its suppliers. Some 75 per cent. of its turnover is manufactured to its own design. As for developments outside the U.K., ambitions in Canada have come to nothing but the group is still looking overseas, though an acquisition in the U.K. is perhaps more likely, maybe giving H-K a chance to payout as soon as restraint is lifted. At 53p the p/e is only 3 (or 4.7 fully taxed) but the yield of 6½ per cent. (still covered five times on the lower earnings figure) is probably the short term stumbling block to a re-rating.

Gateway expects record lending

Though lending less overall in the first six months of this year, compared with the same period of 1976, Mr. Sydney Burton, managing director of Gateway Building Society, reports that the current flow of investments into the society suggests an end-of-year mortgage lending figure of £102m.

The society has already lent a total of £36.3m. in the period to end June, 1977. With mortgage advances of £21.5m. now in the pipeline, the society expects to match by the end of 1977 its record lending of 1976.

I.C. Gas plans heavier expenditure

CAPITAL SPENDING commitments by Imperial Continental Gas Association at March 31, 1977, for Calor Group were more than doubled from £5.02m. to £11.04m., and expenditure authorised but not contracted for, was higher at £12.41m. against £7.56m.

Estimated commitments in respect of U.K. waters exploration was lower at £0.75m. (£1.38m.) and about a further £0.59m. (£0.52m.) has been authorised but not contracted.

As reported on June 29, taxable profit for the year end March 31, 1977, was ahead from £14.79m. to a record £22.2m. on sales of £127.08m. (£101.14m.). The net dividend is lifted to 8.7795p (7.98135p) per £1 share. Net liquid funds were up £5.2m. (£17.58m.).

The auditors, Touche Ross and Co., agree with the directors that it would have been misleading to have included the group's share of the results of its Belgian associated company, UNERG. The decision not to include these figures was in view of a dispensation by the Department of Trade permitting Belgian subsidiaries not be consolidated.

The auditors also point out that special items relating to profits and loss arising on changes, realisations and transpositions of investments and other capital assets were taken direct to capital reserve, instead of to the profit and loss account, according to SSAP No. 6. The effect was to increase retained profit by £0.23m. (decrease £0.63m.).

Meeting, Winchester House, on July 29, at 11.30 a.m.

The directors of the subsidiary Calor Gas Holdings Company in the annual report say that, left alone with the freedom to order its own affairs, there is little doubt that the company can continue to absorb considerable variations in external influences while maintaining a steadily improving trend in its performance.

As announced on June 28, the company achieved a 35.4 per cent. increase in pre-tax profit from £6.26m. to £8.47m. for the year to March 31, 1977. Turnover advanced 25.5 per cent. to £124m. Net liquid funds were up £3.06m. (£4.58m.).

Auditors, Touche Ross, point out that the writing off of goodwill amounting to £772,000 directly, to reserves, instead of against profit, does not comply with SSAP No. 6.

British company saves U.S. more than $10m.

THE DRAIN Orifice Assembly, an energy-saving device and an alternative to the conventional steam trap which is manufactured by a British company, has won for its inventor, Mr. Lawrence Guzick, the highest award granted under the U.S. Federal Incentive Awards Programme.

Mr. Guzick was presented with a cheque for $25,000 by President Carter. It was only the sixth time in 30 years that the maximum award had been made.

The assembly is manufactured by Flexitallic Gaskets, a Turner and Newall company, both in the U.K. and the U.S. It has replaced steam traps in many marine and industrial applications achieving considerable savings in energy costs and maintenance.

President Carter said when he handed the cheque to Mr. Guzick at the White House: "The device has already saved more than 875,000 barrels of oil and more than half a million dollars in repair costs in the navy alone. This is a saving of about $10.5m. to the Federal Government."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bakers Household ...int.	0.41	Aug. 26	0.36	—	0.76
English Card	1.62	Aug. 31	1.38	2.62	2.38
Henderson-Kenton	‡1.81	—	1.82	3.35	3.05
John J. Lees	1.41	Aug. 27	1.26	1.91	1.71
John Waddington	4.45	Aug. 13	4.56	6.45	5.87
Western Selection ...int.	0.88	July 18	0.88	—	1.98
Winterbottom Trust...int.	1.6	Aug. 12	1.6	—	3.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

ISSUE NEWS AND COMMENT

John Waddington £1.3m. rights

TO HELP finance parts of John Waddington where the return is promising and with the intention of continued investment to maintain profitability the directors announce a rights issue on the basis of one-for-five at 130p to *raise £1.3m.*

They explain that they now have several opportunities for further investment, which will require expenditure of some £3m. in addition to the asset replacement programme amounting to some £4.5m. over the next two years.

The issue has been underwritten by Kleinwort, Benson and the brokers to the issue are Cazenove and Co. Dealings in the new shares are expected to start on July 22. The latest time for acceptance and payment in full will be 2 p.m. on August 11.

The directors announce the issue with the results for the 53 weeks to April 3, 1977, which show an upsurge from £1.74m. (for the previous 52 weeks) to £3.27m., and they say that the current year to date shows no change in the generally favourable outlook.

Earnings per 25p share for the 53 weeks are 29.36p (13.39p) and the final dividend is 4.45425p net for a 6.45425p (5.8675p) total. For the year to April 2, 1978 the directors anticipate a total dividend of 11.05p on capital increased by the proposed rights.

	53 wks. 1976-77 £000	52 wks. 1975-76 £000
Group sales	35,814	27,955
Profit before tax	3,270	1,735
Tax	1,749	1,041
Net profit	1,521	704
Attributable	1,528	711
Preference dividends	28	28
Ordinary dividends	321	299

The improvement in the packaging sector has been the major factor in enabling the group to reach record profits, the directors state.

At halfway, when pre-tax profit was up from £921,000 to £2,025,000, the directors said that capital expenditure was being increased in the hope that profitability would be large enough to allow for replacement and modest expansion. The cash position was good.

Mr. R. E. Chadwick, the chairman, will retire after the annual meeting on August 12 when Mr. Victor H. Watson will be appointed chairman and chief executive.

● **comment**

The main reason for the £1.3m. *rights issue from John Waddington* is a £3m. expansion programme. The money will go into increasing capacity in areas where demand is strong—plastic containers, greeting cards and games in North America. But perhaps the most interesting long term prospect is for an investment which has already been made in plastics inventions. "Kartothene" is a plastic which is economic because it includes other, cheaper materials while "Plastocan" is a plastic can with *a ring pull on top.* Patents and licences are being obtained and ICI *could start manufacturing* "Kartothene" in a year or two. Meanwhile, profits in the last year jumped 88 per cent.—helped by the reduction of butter subsidies which increased demand for margarine plastic tubs. The shares rose 18p to 178p yesterday because of the 71 per cent. dividend *hike; the ex-rights yield* is 10 per cent.

Findhorn loans quote

Findhorn Finance has arranged a quotation for its 8¼ per cent. Unsecured Loan Stock 1986-91 and its 17½ per cent. Unsecured Loan Stock 1995 which was issued last year.

Findhorn Finance, was incorporated in 1966 to purchase stocks from Tomatin Distillers and to *hold them while they matured* and then sell them back to Tomatin as required. Basically it is a company set up to lift the stock financing off of the Tomatin balance sheet.

The loan stocks are held by various institutions numbering around 40, while the ordinary equity is owned as to 40 per cent. by Tomatin and the balance with institutions. Eventually a quotation may be sought for the ordinary shares.

The prospectus shows a declining profits record recently but this is just a reflection of the time scale of Tomatin's drawings and prospects for the next five years show rising profits to £290,000 pre-tax by 1981.

Dealings in the loan stocks will start on Friday 15.

LSMO CLOSES TO-DAY

The London and Scottish Marine Oil *offer for sale closes this* morning, and dealers last night were talking in terms of a reasonable oversubscription, and initial dealings around a 10p to 15p premium over the 155p offer price. Following the attention focused on the difference in LSMO's oil production forecasts with that of the Ninian Field operator, Chevron, and the forecast in the BP prospectus, market sources were expecting the "stags" to take a back seat on this offer.

Cambridge raises £1.3m.

The prospectus is published for the offer for sale by tender of £1.3m. of 8¼ per cent. Redeemable Preference stock 1982 in The Cambridge Water Company at a minimum price of £98.50 per cent.

Tenders, which are to be accompanied by a deposit of £10 per cent., should be received by Thursday, July 14. The balance of the money is to be paid on or before Thursday, September 29. Tenders must be for a minimum of £100.

The first dividend in respect of the period from July 14 to December 31, and amounting to £2.277 per cent., will be paid on January 3, 1978. Thereafter dividends will be paid on July 1 and January 2.

The stock matures at par on December 31, 1982.

Brokers are McAnally Montgomery.

● **comment**

Following the success of the Bournemouth issue, this offering from Cambridge looks assured of success. On Bournemouth's minimum price the redemption yield was 12.5 per cent. and Cambridge is offering 12.8 per cent. So taking a line through the last issue would seem to indicate a tendering price for Cambridge over par—perhaps £100½ per cent.

CONVERSIONS

A total of £1,219,041 of English and New York Trust Company's 4½ per cent. Convertible Unsecured Loan Stock 1990-95 has been lodged for conversion into 1.365m. Ordinary 25p stock units.

Booker McConnell has converted £319,487 of 9 per cent. loan stock 1981 into 298,108 shares and £1.05m. of loan stock 1994 into 784,216 shares. It is also announced that an agreement has been reached with Hill Samuel Life Assurance for the cancellation of the £5m. loan facility set up in 1973 and the redemption of the £1.95m. of 1994 loan stock not converted.

COWAN—97%

Cowan, de Groot received acceptances in respect of 1,988,366 Ordinary shares representing 97 per cent. of the issue. The balance has been sold at a premium amounting to 9p over the issue price. The net proceeds will be distributed to shareholders entitled thereto, except that no payment will be made for less than £1.

EXPANDED METAL

Expanded Metal's rights issue attracted acceptances for 3,995,273 shares, representing 78.82 per cent. of the issue. The shares not taken up have been sold and the net premium over the offer price of approximately ¾p will be distributed to shareholders entitled thereto, except that no payments will be made for amounts of less than £1.

BRITISH INV.

The British Investment Trust announces that holders of £2,176,291 6¼ per cent. convertible debenture stock 1993 and £156,256 7¼ per cent. convertible debenture stock 1996 have exercised their right to convert their respective holdings into 2,176,291 and 156,256 Ordinary 25p shares as at June 30. Following these conversions there remains outstanding £1,228,639 of 6¼ per cent. stock and £4,630,383 7¼ per cent. stock.

BOOKER

Booker McConnell has reached agreement with Hill Samuel Life Assurance for the cancellation of the £5m. loan facility set up in 1973 and for the redemption of £1.95m. of loan stock, representing that part which was not convertible into Ordinary shares of the £3m. partly convertible unsecured loan stock 1994 issued *against drawings under the* facility.

Ashley Ashwood

Mr. Ronald Aitken, chairman of Barker and Dobson.

Barker & Dobson loss

Confectioners Barker and Dobson incurred a trading loss of £649,000 for the 53 weeks to *April 2, 1977, compared with a* loss of £2,449,000 in the previous year. There is a tax credit of £32,000 (£68,000).

Sales for the period were down from £44.93m. to £41.15m.

The loss per 10p share is shown to be 0.92p, against a deficit of 3.54p.

Mr. Ronald Aitken, chairman, anticipates an overall loss for the six months of the current year by which time all the costs associated with the reorganisation of the group will have been absorbed.

As indicated last year it will take some time to restore the company to a position where it can earn a full return on its assets, they say. Another two years will be required to achieve that objective.

The chairman says he is now satisfied that the policies that have been applied within the retail division and that are in the process of implementation in the confectionery division, will create a solid foundation for future growth.

It is inevitable that in the first six months of this year the group will incur costs within the confectionery division before we can derive the benefits that will

Within the retail divisi programme of shop improv is in band but the full be of this programme will n immediate.

DERBYSHIRE BLDG. SOCIETY

A record £39m. has flowe the Derbyshire Building S during the first six months year.

Revealing the figures, Roger Hollick, the general ger, said in Derby that duri period a record £15.8m. ha loaned to customers for gages and that total asset stand at £172.5m.

MR. DENNIS LENNON

The photograph publish Page 14 of last Saturday's was incorrectly identified of Mr. Dennis Lennon, the man of Lennon's Superm The photograph was of Mr. Lennon the architect designer.

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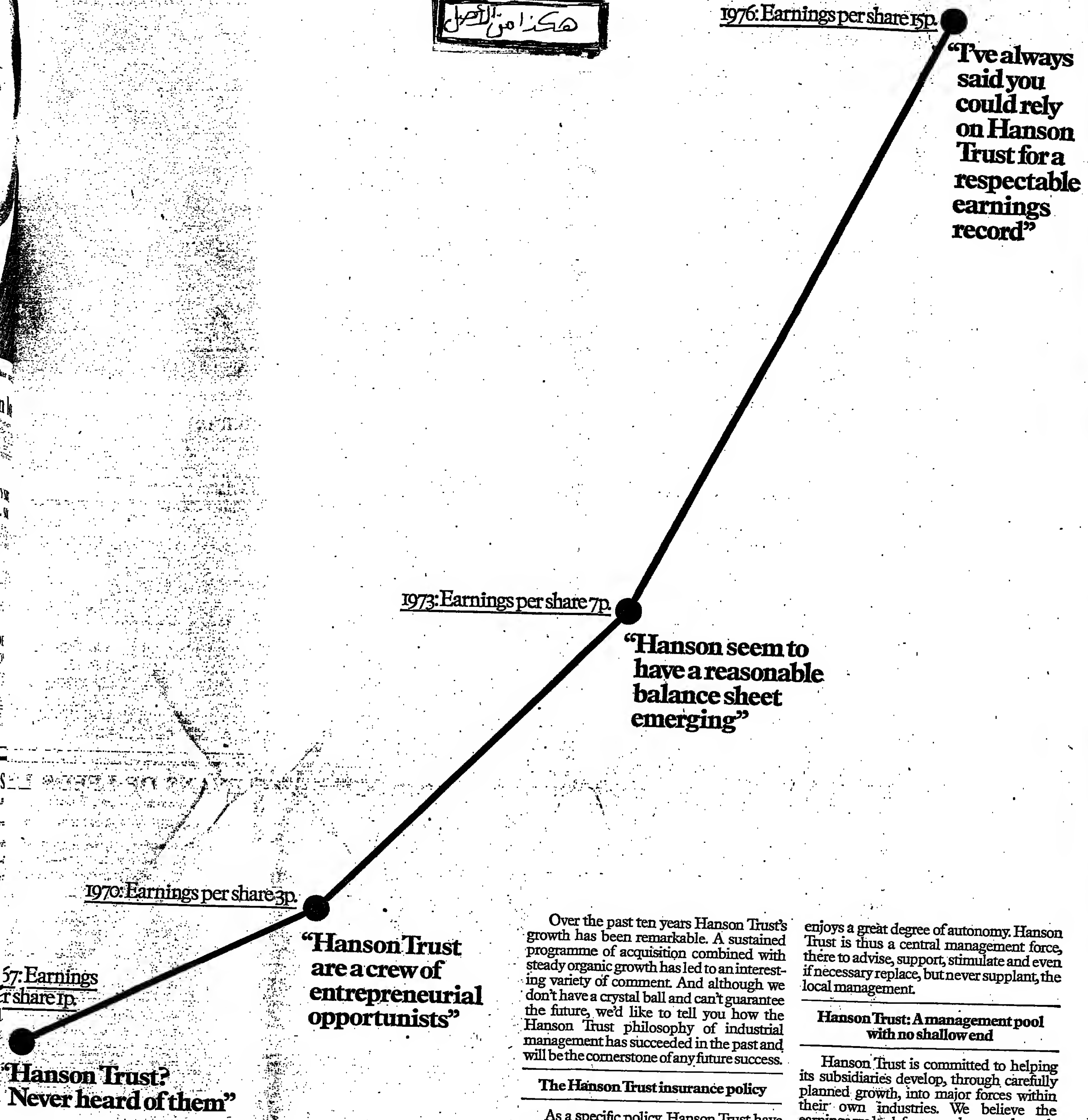

Over the past ten years Hanson Trust's growth has been remarkable. A sustained programme of acquisition combined with steady organic growth has led to an interesting variety of comment. And although we don't have a crystal ball and can't guarantee the future, we'd like to tell you how the Hanson Trust philosophy of industrial management has succeeded in the past and will be the cornerstone of any future success.

The Hanson Trust insurance policy

As a specific policy, Hanson Trust have never invested in companies purely for goodwill or brand name reasons. We've always tried to select companies in basic staple industries which are soundly managed and capable of an increasing contribution to Hanson profits. We are strongly represented in agriproducts and industrial services in North America and throughout the U.K. These wide-based holdings and the management policy behind them have given Hanson Trust the extra insurance of knowing that even if there's a recession in one industry to which we're committed, it should not materially affect our overall performance.

Will the real Hanson Trust please stand up?

Hanson Trust is an industrial management company whose purpose is to invest in sound, profit-making companies, and to encourage these businesses to grow by providing additional capital where necessary, and just as importantly, imaginative management thinking. It has under its control over forty principal companies involved in the basic areas of agriproducts and industrial services, and each company enjoys a great degree of autonomy. Hanson Trust is thus a central management force, there to advise, support, stimulate and even if necessary replace, but never supplant, the local management.

Hanson Trust: A management pool with no shallow end

Hanson Trust is committed to helping its subsidiaries develop, through carefully planned growth, into major forces within their own industries. We believe the earnings we look for can only come through good management and careful housekeeping. This emphasis on management expertise and financial control applies at every level. We have no room anywhere for second rate performance. We are not interested in buying companies to sell (a destructive policy that has emasculated many sound management teams). We do everything possible to encourage good management because we recognise that good management is the only difference between an ordinary and a great bottom line.

A matter of opinions

There are many different opinions about Hanson Trust. One has only to read the press following announcements of our results to see how wide-ranging these views are. But while the pundits argue, we get on with what we do best; working hard to create more profit, more jobs, more wealth for Britain and greater security for our employees and shareholders.

Hanson Trust
The industrial management company where people are as valued as assets.

Copies of the accounts and interim report available from: Hanson Trust Ltd., 180 Brompton Road, London SW3 1HF. Tel: 01-589 7070.

& Dobson

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& CO. LTD.

Liquidity at Lindustries

OPTIMISM about current year prospects at Lindustries is expressed by Mr. W. E. Luke, chairman, who says he hopes that results will again beat inflation.

He points out in his annual statement that the company's liquidity is still strong and net borrowings are less than 25 per cent. of share capital and reserves. As a result, there is a borrowing capacity of several million pounds and even if there should be a considerable upturn in trade, there would be no difficulty in obtaining funds to meet the company's capital needs.

As reported on June 16, trading profit for the year to April 2, 1977 was £8.21m. and share of associates was £0.4m., against £6.72m. and £0.31m. for the previous 18 months.

On a current cost basis, trading profits would be reduced to £1.87m. by the elimination of stock holding gains of £3.39m. and by an additional depreciation charge of £0.96m. based on the current value of fixed assets other than property.

The value to the business of the fixed assets other than property is calculated to be £13.18m. compared with the net book value in the historic accounts of £7.36m. No revaluation of the property, which is included in the historic accounts at a net book value of £9.83m. has been attempted.

The adjustment to current purchasing power of the net monetary items would give rise to a gain of £0.72m. representing the diminution in real terms of the net monetary liabilities over the financial year.

A statement of source and application of funds shows a £4.1m. (£3.63m.) increase in working capital.

Capital commitments amount to £2.98m. (£0.82m.).

Meeting, Grosvenor House, W., July 29, noon.

Hensher up slightly midterm

Including associated companies, profits of £28,729 against £234, taxable profits of Hensher (Furniture Trades) rose slightly from £235,506 to £246,370 for the six months ended September 30, 1976 on turnover down to £1.85m. compared with £2.34m.

George Hensher, a subsidiary, ceased trading in December, 1976 and its results have not been included in the figures.

The directors anticipate that the record half will show an improvement, resulting in an increase for the full year.

Earnings per 10p share are stated as 2.5p (2.3p). Last year's dividend was 1p net paid from profits of £391,600.

Profit for the six months is arrived at after including investment income and interest receivable £13,226 (£21,086) and net rents receivable of £32,414 (£19,859).

Net profit came out at £116,370 (£113,006) after tax £128,000 (£122,500).

A provision of £160,000 has been included, as an extraordinary item, for the loss of investment in George Hensher for the six-month period.

£1m. from Moran after nine months

BOOSTED BY a six months contribution of £787,000 from the insurance division, Christopher Moran Group achieved taxable profits of £994,000 for the nine months to January 31, 1977 compared with £529,000 for the previous 16 months.

Undiluted earnings per 20p share were 7.1p (14.8p) and diluted 4.2p (13p). The net interim dividend in lieu of final for the nine months period is 2.68125p.

The directors report that the Lloyd's broking and underwriting agency division of the group comfortably exceeded its forecast and made a profit before tax of £1.32m. for the full year to January 31, 1977. A shortfall against the forecast in the industrial division occurred principally in one subsidiary and will result in a proportionate reduction in the anticipated balance of consideration payable to the vendors of that company.

The overwhelming proportion of profits now comes from insurance broking activities which continue to expand rapidly and have experienced a substantial increase in volume of business in the current year to date, they add.

	9 mths. 1976-77 £000	16 mths. 1975-76 £000
Turnover—		
Insurance (6 months)	1,049	—
Industrial	5,688	7,341
Profit before tax	*994	529
Tax	461	242
Profit after tax	533	287
Minority profit	8	—
Attributable	525	287
Extraord. items†	248	81
Distributable	277	206
Dividends	263	127
Retained	14	79
Balance carried forward	383	[illegible]

* Includes £787,000 from insurance division for six months. † Loss on disposal of subsidiary.

Jonas Woodhead set for further growth

GIVEN the right economic climate in which to operate, Mr. E. S. Simpson, chairman of Jonas Woodhead and Sons, confirms that the company is poised to achieve a further increase in performance.

For 1977, it is forecast that there will be an increase in vehicle build (cars and commercials) over 1976. This prospect is encouraging, providing it is not disrupted by statistics or political optimism, but looking at the longer term prospects of new vehicle production in Europe and particularly as it may affect the U.K. there may be areas of concern, he says.

There is an ever increasing level of imports of Japanese vehicles and an increasing volume of vehicles being imported by certain domestic companies from affiliated plants on the continent. The U.K. motor industry may be in need of structural change and he believes that a rationalisation route aiming at higher volume vehicle production must surely help the cost-efficiency plans of component suppliers with corresponding benefits to vehicle producers and users.

There is spare capacity within most companies at the present time and it is known that funds are available for expansion. All that is needed is for Government, management and trade unions to observe a framework which provides confidence in the economy, he adds.

The directors feel it is essential to pursue its policy of plant modernisation and there is a capital programme planned for 1977/8 which will absorb some £2m.

As known, pre-tax profit for the year to March 31, 1977 jumped from £1.9m. to £4.55m. on turnover of £45.2m., an increase of 25 per cent. A breakdown of turnover shows that springs and suspensions accounted for 67 per cent., general engineering 32 per cent., constructional three per cent. and other eight per cent.

Norwich Union Insurance holds 8.54 per cent. of the Ordinary and Prudential Assurance Company 6.7 per cent.

Meeting, Leeds, July 29, 2.30 p.m.

Statement Page 35

BPB Industries holds profits level so far

SO FAR in the current year BPB Industries has maintained taxable profits at about the same level as in 1976/77 when the full time figure was a record £27.15m., Mr. N. M. Barrow, the chairman, tells members.

However, there are so many changing factors which can affect the construction industries in the countries where the group operates that a forecast of increased profits for the full year could be considered too optimistic, he adds.

The directors expect the volume of the company's building materials used in each housing unit in the U.K. to continue to increase, but they are budgeting for a small overall decline in demand during 1977/78. The lower level of activity should be partly counter-balanced by the improved penetration of its products and by an increase in the sale of materials for the repair and improvement of existing property.

The long-standing policy of the group to provide modern and efficient production facilities was continued during the year with the investment of £21m. of which over £11m. was spent in the U.K. Apart from new production capacities all plants were fully maintained and many improvements made, particularly in the field of energy conservation and health and safety.

At year end over £14m. of capital expenditure had been authorised but not provided for in the accounts. Since that date the directors have approved schemes involving a further £13m., some of which will be spent over a number of years.

As reported on June 30, taxable profit for the year to March 31, 1977 was ahead from £19.26m. to £27.15m. on sales of £243.24m. (£201.12m.). Adjusted for inflation profit would have been reduced to £13.1m. (£8m.).

The net dividend is lifted to 5.826p (5.208p). Year end liquid funds were down £900,000 (up £17.05m.) with bank loans and overdrafts up £1.25m. (down £4,000).

Meeting, Ferguson House, NW, on July 29 at noon.

Statement Page 36

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Birmingham Pallet, Bouser Engineering, Braid Group, Gough Cooper, Wearra Group.

Finals—Braithwaite Engineers, Celestion Industries, Daily Mail and General Trust, Graham Wood Steel, Greene King, Kleeman Industries, Kellas Rubber Estate, Manson Finance Trust, Rothmans International, Stroud Riley Drummond, Trafford Carpet, Wellman Engineering.

FUTURE DATES

Interims—
London and Lomond Invest. Trust ... July 13
Reo Brothers ... Aug. 10
Laird Discount ... July 14
Watson and Philip ... July 14

Finals—
Abercom Investments ... July 12
Carlyle Bros. ... July 20
Cudmore Manufacturing ... July 12
Diamond Stylus ... July 12
ERF (Holdings) ... July 12
Howden Group ... July 13
LRC International ... July 12
New Central Witwatersrand Areas ... July 12
Pulman (R. and J.) ... July 11
Sheffield Refreshment Houses ... July 13
Sterling Credit Group ... July 11

* Amended.

A. Monk sees same again

THE existing work load in the U.K. is reasonable to present economic conditions but perhaps not sufficiently large to utilise all the resources of A. Monk and Co., reports Mr. W. S. Whittingham, chairman, in his annual statement.

However, more efficient working is providing better returns and he is confident that the current year's results will be at least up to the level of 1976-77.

The company is continuing to endeavour to improve the effectiveness of its operations and adjust as necessary to suit prevailing conditions.

Changes will be made to meet future technological developments and environmental, industrial and economic requirements. The demand for rural motorways is now receding and the technical expertise of the company is being turned to other activities. A company is being formed in conjunction with the two [illegible] partners in the Kielder Tunnel venture—the company will have a one-third interest in this venture.

House building is proceeding on a small localised but increasing scale. Other areas in the U.K. are being investigated, diversification into other lines of business connected with the construction industry is considered.

There have recently been signs of a small upturn in the private sector with limited improvements in industrial development. This, together with the lifting of the moratorium on Government expenditure [illegible] some cause for cautious optimism for the future, although competition in the U.K. is likely to remain intense, the chairman states.

As reported on June 2[illegible], taxable profit for the year to February 28, 1977, rose from £1.11m. to £2.28m. and earnings per 25p share [illegible] (6.8p). A one-for-two scrip is proposed.

The improvement in profits put the company back on course after the setbacks in the two previous years, caused by the effect of firm price contracts in a period of severe and rapid inflation. All major price contracts have now been completed and reserve has been made for any possible liabilities.

The emphasis on rural motorway construction decreased when compared with previous years. Work completed this year was of greater value with the trend towards industrial development, smaller road and bridge contracts and work for British Rail, Water Authorities and others.

Reports to Meetings

C. E. Heath ahead of budgets after first three months

AT THE AGM of C. E. Heath and Co. Mr. Frank Holland, chairman told members that not only were results for the first three months of the current year ahead of the corresponding period last year but they were also ahead of budget. This trend was evident right across the board in all the operating companies.

Based on their experience so far and the market as a whole the directors were looking for continued growth for the year and while it would be unwise to draw too many conclusions from the early figures they did give great encouragement for next March's year-end.

For the company's names the Lloyd's underwriting picture was bleak. The directors had for sometime been taking strong remedial action to return the Lloyd's underwriting operations to profit. The chairman could not promise that this would be achieved by the time of the close of the 1978 account at the end of this year, but things were definitely moving in the right direction. As far as the shareholders were concerned the effect was minimal since the company did not bear any part of the losses. However, the company was foregoing profit commission until the underwriting was corrected and although in percentage terms in relation to the overall group profit this was very small, the chairman was sure shareholders would be as keen as the names to see the Lloyd's underwriting arm once again making a healthy contribution.

That was not to say that the company did not receive welcome contributions to the group profits from its other underwriting operations in Australia, South Africa and through its agencies company in London. Australia in particular had again done extremely well and although the change of basis for worker's compensation business in that area meant that it was having to establish the technical reserves required for insurance companies, the prospects were that all these companies would continue to grow profitably. Overall therefore the chairman looked forward to another year of success for the C. E. Heath Group.

Mr. R. C. Gough, chairman of Gough Brothers, the independent wine merchants, said at the AGM that he believed that results for the half year would be satisfactory.

He reported that sales in the latter part of the financial year under review were exceptionally good. The inevitable reaction had followed and the early months of this year had generated only mediocre turnover—in common with the retail trade in general.

The last couple of months had shown a considerable improvement and were now running to forecast, but inflationary pressures on profitability continued.

Since the end of last year the company purchased four shops in West London and expected to commence trading shortly from new sites in St. Leonards-on-Sea, Winchester and two other towns where the directors were about to make licensing applications.

The directors also hoped shortly to complete the acquisition of a further four units, which would then give the company a total of 145 shops.

Since the circulation of last year's accounts George Wills and Sons (Holdings) now had five months management figures, said Mr. P. A. Wills, chairman, at the AGM. These were excellent, and strongly reinforced the optimism regarding current year's results which was expressed in the chairman's speech.

There seemed to be some possibility of an end to dividend limitation within the next year. If this came about it would provide the directors with an opportunity to make up for the under-declaration of dividends forced on them by measures over the past few years.

Mr. J. B. Brierley, chairman of Ash Spinning Company, told the annual meeting that in spite of its ups and downs experienced in recent years the company had emerged with net assets greater than ever before at £1.09 per 25p share. This, he said, was exclusive of 33p per share of deferred taxation which was largely stock relief.

There were those who considered this to be a free reserve to be added to net assets so long as stocks were carried at their present level. He would prefer the authority of specific legislation in view of fluctuations experienced in stock levels most years.

Auditors resign at Alpine

Arram, Berlyn, Gardner and Company and Thomson McLintock and Company, joint auditors of Alpine Holdings, have resigned with effect from the conclusion of the AGM on July 28.

Arram, Berlyn, Gardner was appointed shortly after the company commenced business in 1963, when it became a public company, Thomson McLintock and Company were appointed to act jointly with them.

The directors of Alpine say they have concluded it would be in the best interests of the company at this stage if a single firm of auditors were now appointed and the joint auditors were asked to resign.

It is proposed that Arthur Andersen and Company be appointed.

A wholly owned subsidiary, James Gulliver Associates, has been appointed consultant to the company for two years from June 16—from that date James Gulliver Associates purchased 1.5m. shares [illegible] who have granted options to James Gulliver Associates to purchase from them a further [illegible] shares.

The options are exercisable after May 1 at 38.75p per share or a discount of 31.25 per cent. of the middle market quotation at the time of exercise, whichever is the higher.

In his annual statement, James Gulliver, chairman, believes that the present upturn in the home improvement market will continue and that through its double glazing replacement window activities [illegible] well placed to benefit.

It is intended in due course that the company will expand [illegible] through internal development [illegible] acquisition.

As known, pre-tax profit for the 52 weeks to January [illegible] dropped from £784,000 to [illegible]. Turnover was £11.95m. [illegible]

Lee Cooper confident of increase

'The current trading year of Lee Cooper Group has started in an excellent manner, and a further substantial increase in turnover is expected,' says Mr. H. C. Cooper, chairman, in his annual statement.

Tighter profit margins are likely to prevent a similar percentage increase in profits, he adds, although, barring unforeseen circumstances, he fully anticipates that profits will be at a 'satisfactory level.'

As reported on June 17, pre-tax profits for the year ended March 31, 1977, more than doubled from £1.02m. to £2.5m. The dividend is lifted to 2.4373p (1.825p).

Mr. Cooper says that all activities both at home and abroad are operating profitably and continue to show good progress. To meet the increasing demand throughout Scandinavia an additional factory in Denmark has been built near the present unit in Hjorring.

Most of the other existing manufacturing and warehousing units have been expanded and the company continues to re-equip with the most modern plant available, he adds.

The licensee division continues in progress, the chairman says, and the company has entered into franchise arrangements with Ireland and Yugoslavia, the latter representing the company's first entry into Eastern Europe. Franchise operations are becoming more and more firmly established, Mr. Cooper adds, and are now making useful contributions to group profits.

A statement of source and application of funds shows an increase in working capital of £2.71m. (£253,534) including a decrease in the cash balance of £273,804 (£128,240 increase).

Miss S. Cooper holds 23 per cent. of the issued share capital; Industrial and Commercial Finance Corporation 6.3 per cent. and ITC Pension Trust jointly with ITC Pension Investments holds 5.4 per cent.

Meeting, Cafe Royal W., July 28, at noon.

MONEY MARKET

Slight shortage

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Day-to-day credit was in slightly short supply in the London money market yesterday, but the authorities did not intervene, and it is probable that banks will carry forward run down balances. Revenue payments to the Exchequer outweighed Government disbursements, the authorities held maturing local authority bills, and settlement was made of official gilt-edged sales. On the other hand, banks carried over surplus balances from Tuesday, the market held net maturing Treasury bills, there was a fall in the note circulation, and the market was also helped by funds coming into the country across the foreign exchange following the recent weakness of the U.S. dollar and the consequent demand for sterling.

Discount houses paid 6¾-6⅞ per cent. for secured call loans in the early part, and balances were taken at 7-7¼ per cent. after, although closing rates generally in the region [illegible] per cent.

In the interbank market, overnight loans opened at 6[illegible] per cent., touched a high point [illegible] per cent., before easing [illegible] per cent., and closing at 6[illegible] per cent.

Short-term fixed period rates remained steady in trading.

Rates in the table below are nominal in some cases.

July 6 1977	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury bills⊕	Eligible Bank Bills⊕
Overnight	—	6¼-7¼	6¼-7	—	—	7¼-7½	6¾-7¼	—	—
2 days notice	—	—	6⅞	—	—	—	—	—	—
7 days or 7 days notice	—	6⅞-7¼	7	—	7¼-7½	7¼-7¾	6⅞-7⅛	—	—
One month	7¼-7⅛	7⅛-7[illegible]	7-7¼	8½-8	7⅜-7⅝	7⅝-8	7⅛	7¼-7[illegible]	7¼-7[illegible]
Two months	7[illegible]-7⅝	7⅝-7[illegible]	—	8½-8	7¾-8⅛	—	7½-7⅝	7⅝	7⅝-7[illegible]
Three months	7¾-7⅞	7⅝-7[illegible]	7¾-7⅞	8½-8	8-8½	8¼	7⅝	7[illegible]	7[illegible]
Six months	8⅛-8[illegible]	8⅜-8[illegible]	8⅝	8¾-8¼	8⅞-9¼	—	—	—	8[illegible]-8¼
Nine months	9[illegible]-9[illegible]	8⅞-9⅝	—	10-10½	9¾	—	—	—	—
One year	9⅝-9½	8[illegible]-9[illegible]	8¾-10	10-9½	10¼	—	—	—	—
Two years	—	—	11⅜-11½	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12¼-12¾ per cent.; four years 13-13¼ per cent.; five years 13¼-13½ per cent. ⊕ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 7¾ per cent.; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month 7¾ per cent.; one-month trade bills 7¾-8¼ per cent.; two-month 7¾-8¼ per cent.; and also three-month 8-8¼ per cent.

Finance House Base Rate (published by the Finance Houses Association): 8 per cent. from July 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 4 per cent.; Clearing Bank Base Rate for lending 8½ per cent. Treasury Bills: Average tender rates of discount 7.4502 per cent.

BIDS AND DEALS

U.S. deals by Hanson to cut borrowing by £8m.

anson Trust has made two of Cable and Wireless, said s in North America—one acqui- yesterday that this is the first n and one disposal — which time C and W has taken over an generate a net cash sum of American company. The acquisi- and will substantially reduce tion forms part of the strategy group's U.S. borrowings. Han- of the communication systems and the industrial company services division for business led by Sir James Hanson expansion in North America. h earns the larger part of its Incotel's consolidated revenue all profits in America, is to after tax for the last calendar the Bucilla division of its year totalled $1.93m. which pro- sbrook subsidiary in Grey- duced net profits after tax of d Corporation for a cash sum $270,000. £6.4m. Hanson is to retain The company will now be called lla's debtors of £2.9m. which C and W Incotel and will be a so hopes to turn into cash. wholly owned subsidiary of Cable addition, Hanson is continu- and Wireless. the expansion of the agripro- s interests in the U.S. with acquisition for $860,000 cash at Seafood which made a pre- profit in the year to March 1977 of £790,000 on sales of

e sale of Bucilla represents transfer of assets to Armour Inc. the Greyhound sub- ry involved in the deal, of Bucilla is the one part of sbrook engaged in retail, was the remainder of the ness, which is retained, is in- rial. A spokesman for Han- said yesterday that the group that it did not have the necess skills to develop fully the lla company which is in the ness of art needlework.

TURNER & NEWALL INVESTS IN SPAIN

Turner and Newall is to acquire er cent. of the equity of the ately-owned Spanish automo- gasket manufacturer stras Cabre. and N's subsidiary, Engineer- Components, has been iding technical assistance to strias Cabre for many years. supplies gaskets to the h automotive market, h is one of the fastest ing in Europe. business should expand further as a result of ining the technical, market- and production expertise of two companies, it is stated.

DISPOSAL BY ERRITRON

rritron has disposed of its ly-owned subsidiary Techni- ndexes for £500,000 cash. Net ible assets of Technical xes at December 31, 1976, unted to £106,000, and good- arising on its acquisition in and not written off by tron amounted to £466,000. pre-tax profits of Technical es in 1976, excluding the est receivable on inter-group accounts and amounted to 0.

ritron will be entitled to profits for six months to 30, 1977 estimated to amount 3,000. The proceeds of the will be applied in the reduc- of company's bank borrow- further details of the sale given in due course.

READSON/HALL & EARL

terms whereby Readson to make offers to acquire ares of Hall and Earl, not owned "are" for each ry share 22p per share cash; h 3.5 per cent cumulative nce share of £1 40p per cash. Readson already owns 8 Ordinary (78.41 per cent) 170 3.5 per cent cumula- eference (94.52 per cent). ffers are unconditional.

R/FODENS

in the past three years has initiated discussions olls-Royce Motors on the ibility of a merger of the two ies. This is disclosed in a sent by Rolls-Royce to shareholders to-day. "We understand therefore why ard is now not convinced argument" in favour of a Rolls-Royce, the company

toyce repeats that its or the first five months of r are higher than in the ble period last year and at it is about to start s on an initial order for diesel engines, which worth over £50m. car side orders exceed of delivery as far ahead see. rcular urges shareholders the Rolls-Royce offer by iday. erday's comment on the document from Fodens creased offer from Rolls- was stated that the pros- e on the profits forecast at 48p. However, diluting for the Convertible ble Preference shares the ve p/e rises to 8.6 on t's closing price of 50p. ures are based on a full ie, though it is unlikely ens will be paying any am tax for some time.

CABLE & WIRELESS BUYS U.S. FIRM

a New York company ing in computerised sele- cation services and as been taken over by l Wireless. n Bird, chief executive will be the group chief executive. Mr. D. McDonald.

LITTLE HEADWAY BY SINGLO

Singlo Holdings, as expected, has made little headway in its bid for Purbeck Group. So far it has gained acceptances from those who had irrevocably undertaken to do so—about 9 per cent.—which gives it a 40 per cent. stake.

The Board of Purbeck has stated that 48 per cent. of the shareholders would oppose the offer.

Singlo has extended its offer to July 12. The cash alternative of 38p a Purbeck share has been closed.

McLEOD RUSSEL TO GET £5.3M.

McLeod Russel will receive cash payments of £5.3m. from India over the next six years following the sale of three of its 12 tea plantations under the Govern- ment's Indianisation policy.

Full details of the reorganisa- tion of the group's Indian interests were announced yester- day. The total consideration to be received amounts to £8.04m. This is made up of £736,000 of equity in the newly floated Tara- Finlay, in which McLeod has a 20 per cent. stake, loan to Tara- Finlay of £5.3m. repayable in five equal instalments starting in 1978 and £1.98m. representing the net current assets of the three com- panies sold which will be remitted out of India by the end of 1978.

The cash sum of £5.8m repre- sents 131.8p per McLeod share which stood at 200p in the stock market yesterday.

McLeod's continuing tea interests in India and other interests earned after tax profits of £1.36m. in the year to March 31, 1977 (33.7p a share); the net assets attributable to these interests are 149.6p a share and the total for assets of the group amount to 280.4p.

SOUTHERN INDIA TEA

Rowe White and Co. and Dimbula Valley (Ceylon) Tea Company have sold their holdings in Southern India Tea Estates.

ACCEPTANCES FOR ELLIOTT

Acceptances to the offer by B. Elliott and Company for Newall Machine Tool Co. amount to 3,768,225 existing new Ordinary shares (81.6 per cent.) 125,393 Preference shares (85.6 per cent.) and 108,503 Preference Ordinary shares (72.4 per cent.). Elliott held 100 Ordinary shares prior to the offer on which holding it is entitled to 50 new Ordinary shares.

MIT Securities, an associate of Elliott, acquired 50,000 Preference shares during the offer period, which have been assented to the offer. The Ordinary offer is now unconditional and remains open until further notice. The Pre- ference and Preferred Ordinary offers have been extended for a further period of 14 days until July 15.

BROWN SHIPLEY INS. REORGANISATION

Brown Shipley Insurance Services has been organised into four divisions under the execu- tive committee, each division having its own management com- mittee. They are U.K. and Europe Division with Mr. A. C. Yeo as chairman; Marine and Inter- national Division with Mr. D. C. McInnes as chairman; Under- writing Division with Mr. J. G. Chaplin as chairman: and Ser- vices Division with Mr. A. G. Robson as chairman.

ARMS PARK GREYHOUND

An EGM of Arms Park (Car- diff) Greyhound Racing Company (1956) will be held at Cardiff Arms Park, on July 29, 1977, for the purpose of considering, and if thought fit, passing as a special resolution that the offer by the Welsh Rugby Union to acquire the company's interest in the site at the Arms Park, Cardiff, as from July 31, 1977, for £12,500 on the terms and conditions described by the chairman, be accepted.

ROOT HARVESTERS

Root Harvesters and its advisers Joseph Sebag and Co. are studying the implications of Hestair's £1.55m. bid and in the meantime strongly advise share- holders to take no action.

REYROLLE PARSONS FORMATION

Reyrolle Parsons announces that a new company, RP Elec- tronics, is being formed to co- ordinate, develop and promote the activities of the electronic and associated light engineering sectors of the group.

The companies and activities which will be responsible to RP Electronics are Reyrolle Protec- tion, Reyrolle Parsons Automa- tion, Electronic Materials Edg- cumbe Peebles, Reyrolle Parsons Mouldings and the instrument activities of Grubb Parsons.

The chairman of RP Electronics

UTD. SPRING IN AGREED BID FOR ROBERT RILEY

United Spring and Steel Group is making an agreed take-over bid worth just under £600,000 for Robert Riley (Holdings).

Terms of the share exchange offer are six shares in United Spring for every five Robert Riley. At last night's closing price of 16½p (down ½p) for United, this values each Robert Riley share at 19.8p and the group at £594,000. A cash alternative of 18p per Riley share values the company at £540,000.

The bid from United Spring, which already holds 21.2 per cent. of the Riley equity, is considered fair and reasonable by the Riley Board and financial advisers County Bank. The Riley directors intend to accept the bid in respect of their own holdings amounting to 1.3 per cent. of the equity.

Holders of the 5½ per cent. Cumulative Preference shares are being offered 70p in cash for every £1 nominal of stock which left the Preference 5p higher in the market yesterday at 17p.

It is expected that the merger of the two companies, which operate in a similar area of business, will bring marketing benefits. It is the intention of United Spring, in the event of the offer being successful, to retain Riley as a separate entity and "to develop and expand the present business where possible, thus providing continuity of employ- ment for the employees of Robert Riley and its subsidiaries whose interests, including pension rights, will be safeguarded."

COLLETT DICKENSON

As foreshadowed in its annual report Collett Dickenson Pearce International, the advertising agency, has increased its holding in KVH of Holland by purchasing a further 0.11 per cent. of the equity for £187,000.

Net assets represented by this 50 per cent. holding as at December 31 were £242,000 and attributable pre-tax profits for 1976 were about £90,000.

Collett says that this acquisi- tion, which is to be financed by a five year eurocurrency loan, has released its from a potentially onerous contingent liability to acquire the remaining share capital of KVH.

BANK OF IRELAND

The Bank of Ireland has pur- chased from Morgan Grenfell for £2.4m. in cash its 25 per cent. interest in the Investment Bank of Ireland.

RUGBY PORTLAND

Rugby Portland Cement through a subsidiary, the Rom River Company, has acquired Berry's Engineering Company and its associated production facilities. Berry's is a leading company in the manufacture and market- ing of a wide range of plastic units for use in reinforced concrete and other building components.

LOWNDES LAMBERT

Two Glasgow insurance broking partnerships, Thomas Thomson and Co., and Thomson, Lawther and Co. have become part of Lowndes Lambert Group, the insurance broking arm of Hill Samuel.

G. R. DAWES/DUPORT

G. R. Dawes Holdings has sold to Duport its forging and heat treatment subsidiary Anslow for £1.54m. in cash.

The issued share capital of Anslow was sold for £310,000 and £1,027,333 nominal of subordinated loan stock of Anslow was bought at per.

In addition Dawes has received from Anslow in cash the balance of loans due to it at March 31, 1976 and still outstanding of £137,667 making with the con- sideration for the shares and loan stock a total of £1,675,000.

The net tangible assets of Anslow as at March 31, 1977 attributable to its share capital and the loans amounted to £1,221,947. The amount included in respect of Anslow in the con- solidated balance sheet of Dawes as at March 31, 1976, was £1,085,000 which, adjusted for subsequent changes including Anslow's earnings in the year to March 31, 1977 and the acquisi- tion of a 2½ per cent. minority interest in its share capital, would now amount to £1,248,000.

The net profits of Anslow after all charges except taxation and excluding extraordinary items in the year to March 31, 1977 amounted to £463,000 (£357,000).

WEST COAST TANNERIES

Mr. P. J. Richardson, the receiver and manager of West Coast Tanneries, says that one of the prime reasons for continu- ing the company's business is to allow for negotiations to take place in the hope of a sale of the company's assets on a going con- cern basis for continuity and maximum realisation of the creditors as a whole. The business is still unsold, but negotiations are continuing.

In order to preserve the assets in the most advantageous manner, the business has been transferred to a new company, Linefack, a wholly-owned subsidiary of West Coast Tanneries.

SHARE STAKES

Econa: Walter Lawrence has purchased a further 10,000 Ordi- nary shares, being an additional 0.26 per cent.

Bremner and Co.: Throgmorton Street Nominees on May 18 sold 5,900 Ordinary shares and on June 14 purchased 2,930 Ordinary shares.

MINING NEWS

هكذا من الأصل

Union Cpn. may have an important gold find

BY KENNETH MARSTON, MINING EDITOR

THE concentration by Union Corporation of drill rigs on three farms in the Orange Free State of South Africa indicates that the mining group's activity in the area has passed well beyond the wild-catting stage and is now aimed at systematic evaluation of what could prove to be impor- tant new gold deposits, reports Richard Rolfe from Johannesburg.

On the farm Palmietkuil, about 15 miles from the southern- most point of the St Helena gold mine, two boreholes have inter- sected Basal reef at 3,600ft. and 4,600ft. respectively and deflec- tions from these holes have been started.

Three other holes are now being sunk and have reached 1,650 ft. and 1,270 ft. respectively with sinking of the fifth due to start shortly. Indications are that the area is faulted but one min- ing house source involved said yesterday that values obtained to date "give quite a lot of encouragement."

In the hard Free State rock formations, drills generally pro- gress at about 700-800 ft per month, and so a hole of the depth Union Corporation is sinking takes anything up to eight or nine months to complete. With costs running at about R300,000 (£200,500) per hole, the normal procedure is to complete one hole, evaluate the results over a further period, and then decide whether to sink another. It is for this reason that the current level of activity is being so positively inter- preted in the stock market.

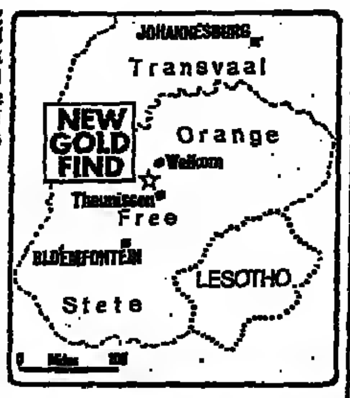
The involvement of Anglo American Corporation goes beyond the three holes it is sinking, as it also holds ground on some of the farms where Union Corporation is drilling, such as Palmietkuil, but it is playing a waiting game at this stage with a view to seeing what Union Corporation eventually proves.

Anglo's holes so far have proved gold bearing formations at a greater depth than Union Cor- poration, with its Basal reef lying at about 6,000 ft. However, one hole has intersected three reefs of the Elsburg series over 120 ft at about 2,700 ft. Radiometric analysis of the cores has indicated only marginal uranium showings on the Anglo holes.

Those with longer memories may recall that Union Corpora- tion made the first gold discovery in the Free State field 40 years ago, but it was Anglo which moved in, tied up all the mineral rights and ended up with seven mines to Union Corporation's two. Likewise, at what is now Vaal Reef South both houses had adjacent grounds, but the issue of which should open up the mine was resolved in Anglo's favour.

How far Union Corporation is from a decision is not clear, but apart from the holes now being sunk others have been completed in the past in the area of present interest. Unisel, its most recent gold mine, was opened up on the basis of about 45 results, which were drill holes and intersections combined.

Because seven or eight deflec- tions are quite normal from an individual borehole, Union Cor- poration has arguably broken the back of its programme already, though the house has indicated that it has taken no decision to proceed with a mine at the present time. In London yester- day the shares advanced 18p to 248p.



Drought still hits Gopeng

SEVERE water shortage is still hitting tin concentrate production at Malaysia's hydraulic and open- pit mines; the dredging opera- tions, which provide the bulk of the country's tin output are little affected by the drought.

June production of tin concen- trates by Gopeng Consolidated has again suffered from lack of adequate water supplies, as the accompanying table of outputs shows. At 128 tonnes, the lowest for years, it makes a total of 1,397 tonnes for the past nine months of the company's financial year compared with 1,653½ tonnes in the same period of 1975-76.

	June tonnes	May tonnes	April tonnes
Gopeng	128	132½	140½
Tanjong	23	12	15½
Idris	24½	28½	24½
Pengkalen	18½	28	18½

NEW CALEDONIAN DECISION DELAY

The French Government's Bureau de Recherches Geologiques et Minieres should complete a profitability study of its 90 per cent.-owned nickel deposits in northern New Caledonia by the end of next year, the chairman, Mr. Yves Perrin, on Tuesday.

He explained that the rise in mining costs, owing to higher energy prices, had slowed the taking of final decisions on how best to exploit the nickel deposit. After the study is completed it will then be up to the French Government to decide on an investment programme.

BRGM is understood to be holding continuing discussions with groups like Amax of the U.S. and Pechiney of France on the development of the deposits.

Elsewhere, BRGM has been prospecting in Brittany and discovered mineralisation, although commercial feasibility has not been established. It shortly hopes to receive a contract from the Brazilian Government for prospecting in the Amazonian forest. Recently it won a pros- pecting contract for Saudi Arabia.

ROUND-UP

Israeli exports of polished diamonds in June were 68.7 per cent. more in value than in June, 1976, at $87m. (£50.5m.). The total export value for the first half of this year was $490m. (£284.8m.) against $330m. in the same period of 1976. Exports over the whole of 1976 were worth $712m.

* * *

The flow of water into the flooded Dutoitspan and Bultfon- tein diamond mines of De Beers Kimberley division in South Africa has eased considerably, a company spokesman said in Johannesburg yesterday. Emer- gency pumps were being installed and should have started working last night. Mine workers have been transferred to two other mines of the division. But the company would not predict when full production would resume.

* * *

Production should be back to normal next week at the Danish- Canadian Greenex lead-zinc mine in Greenland. Greenex, owned by Vestgron Mines, declared force majeure last month and closed the mine after dismissing 150 Danish workers because of a wages dispute. Some of these men have been re-employed and have left Denmark for the mine.

600 Group outlook

THE directors of THE 600 GROUP expect at least to maintain the overall level of results in the current year, Sir Jack Wellings, chairman, says in his annual statement.

Order books for manufactured products are very strong, he adds. A further advance in the performance of the group depends on an improvement in the U.K. economy, particularly in the steel and allied industries.

Referring to the iron and steel products and services division, the chairman says that the company's foundries are well equipped and well placed to benefit from any upturn in the engineering industry.

Local manufacture of machine tools was started in Iran in January, 1977, by the associate, Welran, in which the group has a 40 per cent. interest. Co-operation has been excellent, substantial deliveries of parts were made in the second half and the directors anticipate substantial progress in the current year. In the first year of operation the Iranian associates contributed £0.25m. to profits.

Capital commitments by the group amount to £7.52m. (£4.97m.). The directors say that the group is well placed to finance further expansion.

A statement of source and application of funds shows a net inflow of funds of £3.33m. (£2.05m. outflow).

As known, pre-tax profit for the year to March 31, 1977, rose from £8.12m. to £10.68m. on turnover of £180.42m. (£150.46m.). The U.K.'s contribution to turnover was £125.63m. (£101.63m.).

At a press conference Sir Jack said the order book at the beginning of July was 50 per cent. above the comparable period by value and probably 40 per cent. by volume. Overseas orders were still growing, he added.

Meeting, Grosvenor House, W., July 27, 11.30 a.m.

Bakers Stores up 21% so far

On sales up from £1.09m. to £1.31m. the taxable profit of Baker's Household Stores (Leeds) improved by 21 per cent. to £136,389, against £112,603 for the half-year to March 26, 1977.

Sales in the first three months were excellent but from the end of January the level of trading declined. This situation has continued into the second six months Mr. Barry Baker, the chairman, states.

	1976-77 £	1975-76 £
	Half-year	
Turnover	1,311,933	1,093,040
Trading profit	113,375	95,072
Interest received	23,014	17,531
Pre-tax profit	136,389	112,603
Tax	71,000	59,000
Net profit	65,389	53,103
Dividends	4,964	4,362

The company will shortly be moving its head office and central warehouse into newly acquired freehold premises, which will provide adequate accommodation for future expansion, and should be a sound property investment, he adds.

Earnings per 10p share are shown at 3.27p (3.65p) and the net interim dividend is stepped up to 0.405p (0.3575p). The chairman has waived payment on 774,356 shares. Last year payments totalling 0.759p were paid from record profit of £204,625.

British Steam optimistic

DESPITE THE fear of a wages explosion and increasing inflation, Mrs. Helen Waudby, chairman of British Steam Specialties Group, remains optimistic that given good trading conditions, the company should fare better, even in the current year.

She tells members in her annual statement that distribution units sell very largely to general industry and therefore are directly dependent on the level of investment, industrial well-being and activity. Conditions are somewhat better in this current financial year but experience has shown that growth has consistently failed to measure up to the forecast of the economists. "It would appear that we can only look forward to a slow improvement," she says.

Institutional heating is an important market—due to the cutback in Government expenditure prevailing this market will remain difficult and competitive.

Fortunately, all the manufacturing companies have started the year with a bigger order book than last year and there are signs of a definite improvement in demand in their sectors of trade.

She says that it is remarkable that, despite the current cut back in spending, both of Government and the local authorities, together with the moratorium imposed upon the civil engineering and construction industry, Lane Brothers (Mansfield) has started the new year with a healthy order book.

With reservations about the poor prospects in institutional heating engineering and contractors market it may be said that immediate prospects, although not exciting "are better than we have seen in recent years."

Increased profitability has been budgeted for and sales trends in the current year are up to budget.

As reported on June 24, turnover for the year to March 31, 1977 was up from £21.51m. to £27.24m. and pre-tax profit was £1.78m., compared with £1.16m.

A one-for-ten scrip is proposed. Meeting, Leicester, July 25, noon.

Valor sees progress

WITH THE difficulties of the past well behind, gas heater and cooker manufacturers Valor Company expects substantial progress in the current year according to Mr. Michael Montague, the chairman, in his annual statement.

A number of problems have been surmounted. With an unequalled product range, aggressive marketing should therefore result in increasing profitability and there exists a future for the company better than that which has so far been anticipated, he says.

As reported on June 15, pre-tax profit for the year to March 31, 1977, rose 28 per cent. to £1.07m. (£832,433) on sales of £30.63m. (£26.48m.). The net dividend is raised to 1.884p (1.771p) per 25p share. Working capital was up £484,831 (£335,097).

Margins during the year remained unsatisfactory and the directors are working to achieve an improvement in both return on capital employed and as a percentage of the substantial business transacted, the chairman says.

Meeting, Painters and Stainers Hall, E.C., on July 28 at 12.15 p.m.

Winding-up orders

Orders for the compulsory winding-up of 41 companies were made in the High Court on Monday. They were: T. P. Browne Plant Hire, British Diamond Exporters (BK), Hansa Resources and Transport Group, Tetekeuls (formerly Treudtex International), Hillgate Finance Company, Hudglow, Mustcome Marina, Intertoy Company, Travellers Investments, Whittles (The Sign People).

Pavitts (Newsgate), Ibec Constructions, Belonville (Builders' Merchants), Barry and Brian Jackson, Barconla Fabricaire, Cambois Plastics, F. C. Holmes (Precision Engineers), Williams and Kelly (Oval), Paxton Ceilings, A.E.L. Electronics, Fredome, Vasco (Export-Import).

Good Ear Records, B.K.H. (Paints), S. and G. Designs (Woking), W. F. Parsonage and Company, James Vance Travel, L. G. Edwards (TPT), Katarina Spear, W. J. Westmore and Son, Waterways Hotels.

Steve Jacks Construction, Temlaw, Heathview Cafe and Filling Station, Steddons of Luton, C. C. and H. Services (Nottingham), G. and P. Paper Products, G. T. Skinner (General Insurance Brokers), Rial Insurance Brokers, T. C. Electronic Services (Melboorn), Jones of Sweden.

A compulsory winding-up order made on June 27 against Albinkarn Limited was rescinded last Thursday, the petition debt and costs having been paid.

Winterbottom ahead midway to £0.19m.

An improvement in pre-tax revenue from £0.15m. to £0.19m. is announced by The Winterbottom Trust for the six months to May 31, 1977, and the net interim dividend is held at 1.8p per 25p share.

After deducting prior charges at par, asset value per share was 243.7p at May 31, 1977, compared with 216p at November 30, 1976, including full currency premium of 39.5p (34.7p).

For the full year to November 30, 1976, dividends totalled 3.75p and pre-tax revenue £0.33m.

	Six months 1976-77 £	1975-76 £
Franked invest. income	111,769	102,316
Unfranked income	157,138	150,724
Total revenue	268,418	253,840
Management expenses	26,148	23,214
Interest	86,997	77,448
Revenue before tax	185,360	152,386
Taxation	72,237	62,318
Net revenue	113,963	90,078
Preference dividend	12,360	10,500
Available Ordinary	101,343	79,578
Interim dividends	76,800	76,890

RESULTS AND ACCOUNTS IN BRIEF

WHEWAY WATSON HOLDINGS—Results for year to April 2, 1977, already known. Fixed assets £1.97m. (£1.85m.). Net current assets £977m. (£3.72m.). Meeting, Glasgow, on July 29, at 12.15 p.m.

BURNETT AND HALLAMSHIRE HOLDINGS—Results for year to March 31, 1977, already reported. Group fixed assets £6.82m. (£5.95m.). Net current assets £1.54m. (£2.22m.). Meeting, Sheffield, on July 28, at noon.

CLARK, SON AND MORLAND—Results for the year to February 28, 1977, already known. Fixed assets £1.32m. (£1.27m.). Net current assets £1.76m. (£2.78m.). Meeting, Glastonbury, on June 17, at 12.30 p.m.

TESCO STORES (HOLDINGS)—Results for year to February 26, 1977, and chairman's remarks, reported June 22. Group fixed assets £86.53m. (£86.88m.), net current assets £33.83m. (£37.73m.). Net liquid funds up £2.39m. (£5.78m.). On inflation adjusted basis pre-tax profit for 1976-77 £24.7m. (£21.1m.). Capital commitments at year end £30.40m. (£9.95m.) and ex-penditure authorised but not contracted £18.4m. (£11.91m.). Meeting, Great Eastern Hotel, E.C., July 29, noon.

EMI—OMNIBUS SERVICES—Results for year ended March 31, 1977, reported June 22. Fixed assets £21.89m. (£17.03m.). Current assets £13.78m. (£12.33m.). Current liabilities £14.28m. (£14.30m.). Net liquid funds decreased by £2.4m. (£3.78m. increase). Auditors cannot confirm claims in respect of variations on a subsidiary contract will be received in full. Meeting, Stratton House, W., July 28, at 3 p.m.

CONTINENTAL AND INDUSTRIAL TRUST—Results for year ended March 31, 1977, reported June 23. Investments £45.74m. (£44.18m.). Net current assets £1.40m. (£200,178). Net liquid funds increased by £0.66m. (£0.81m. decrease). Prudential Assurance Company holds 16.5 per cent., Merchants Trust 11.8 per cent. Meeting, 120, Cheapside, E.C., July 27, at 2.30 p.m.

OOLOI TEA HOLDINGS—Results for 1976 already known. Net current assets £[illegible] (£[illegible]). James Finlay and Co. holds [illegible] per cent. of the stock. Chairman reports that current season has started well, with total crop in excess of previous year. Satisfactory results can be anticipated. Meeting, Glasgow, July 27, 4 p.m.

AMBROSE INVESTMENT TRUST—Results year to March 31, 1977, reported May 31. Investments £2.21m. (£4.82m.), unquoted at directors valuation £347,000 (£[illegible]), net current assets £[illegible]. Net liquid funds £[illegible] (down £[illegible]). At June 2, 1977 Hume Holdings effective interest 75.07 per cent. Meeting, Winchester House, EC, July 28, 12.15 p.m.

UNIONAMERICA INSURANCE—For 1976 pre-tax profit £[illegible] (£[illegible]). Net written premiums £[illegible] (£[illegible]). Investments at cost £[illegible] (£[illegible]). Working capital down £[illegible] (£[illegible]). Ultimate holding company Continental Corporation. Chairman says only a modest expansion in premium volume expected in 1977.

TECALEMIT—Results for year ended March 31, 1977, already known. Group fixed assets £8.22m. (£3.86m.). Net current assets £7.11m. (£6.91m.). Capital commitments £1.72m. Britannic Assurance Company holds 7.58 per cent. of Ordinary. Meeting, Winchester House, E.C., July 28, at noon.

Investments up at FFI

BY MARGARET REID

Investments by the bank-backed Finance for Industry in smaller companies through Industrial and Commercial Finance Corporation have picked up in the past few months, which could foreshadow a wider revival, FFI's chairman, Lord Seebohm, said yesterday.

In the first three months of the current year ICFC has offered to invest 12m., compared with only £5m. in the same period last year. Of this trend, Lord Seebohm—who, in his annual report refers to the drab demand for capital in 1976-77 — remarked: "Smaller firms can take quick decisions; the upturn may be seen in small companies first."

In the year to March 31, 1977, FFI, which also operates a £1bn. medium-term loan facility through Finance Corporation for Industry, improved its pre-tax profit to £12.1m. from £7.5m. in 1975-76, after provisions of £8.1m., compared with £9.1m.

Proposals for a further eight loans, totalling some £40m., are now being examined by FCI, which last year completed nine new investments and lending £88.2m.

Lord Seebohm says the troubles of the pound and steep interest rates last year seemed to paralyse industrialists and the demand for services, large and small, temporarily disappeared. There was, however, a welcome recovery in applications to ICFC in the early part of 1977.

ICFC's gross advances in 1976-1977, at £27.7m., compared favourably with the previous year's £25.3m., and over half the completed applications were for new customers. Approvals of smaller applications—below £[illegible],000—grew to 200 (the average amount being £19,000) from 145 (average £17,000) in 1975-76.

FCI, which, it had been envisaged two and a half years ago, might well lend £1bn. in two years, had only £241m. advanced, to 40 companies; at the end of March 1977, with a further £22.6m. available being also in undrawn loan commitments.

Demand from large companies for loan finance has been restrained by the flood of rights issues and by the high level of corporate liquidity, and demand is still low, but, following the fall in interest rates, there has been a modest revival of inquiries particularly for long-term fixed rate facilities. Some 47 per cent of FCI's portfolio is in unsecured loans, since large companies of substance are accustomed to take all their borrowings on this basis.

Lord Seebohm said yesterday that he could envisage the time when FCI could also take equity stakes in its customers. He also looked forward to its providing the loan element in loan-and-equity packages with Equity Capital for Industry, the equity bank, in which FFI has a shareholding.

BOOKS

Admiral's attitudes

BY C. P. SNOW

on: The Essential Hero by nle Bradford. Macmillan, 50. 264 pages

Vrite a short account, not than fifty words, of the r of each of the following: n Keegan, Horatio Nelson, John, Arthur Wellesley llington). Which in your on has contributed most to country? Give reasons for choice."

would be interesting to see question set in O-Levels CSE. What percentage of and girls wouldn't be able ake a significant statement t Nelson or Wellington? many would never have d of either? Does a society r state lose contact with its nal heroes?

is biography, by Mr. Ernle ford, ought to re-establish ct with Nelson for anyone a taste for the heroic. Brad began with all the qualities uch a work, and has brought admirably. He knows about sea, as a dedicated amateur r. He also knows about an beings, and the velleities ost of them. Above all, he a sense of fact. He manages e the late 19th century—the tryside, the English fleet, political structure—as it was, as romanticisers imagine it are been. He has taught me y things which I didn't know t Nelson and his career, other will discover similar rises.

lson was, of course, a pro onal sailor, and a supreme er of his profession. He the son of a Norfolk parson, educated, pious and poor. It has usually been assumed that Nelson's rise in the Navy was a triumph of merit and nothing else. Not so, Bradford demonstrates. It doesn't need saying that Nelson had great merit. This was realised when he was a midshipman. He was one of the bravest of men—not because he didn't know what fear was. He did, and said so. But he made himself superlatively brave. He learned all there was to learn about naval seamanship. He was liked by nearly all his superiors, and by the lower decks. He carried an aura of some sort of command. But all that needn't have added up to his becoming a post-captain before he was 21.

The Nelsons might be poor, but they were well-connected. It didn't hinder young Nelson's progress that an uncle, childless and looking after the boy as a substitute son, became Comptroller of the Navy. Nelson served as a midshipman in this uncle's ship. So far as the officer class was concerned, the 18th-century Navy was very much a family preserve.

Nelson was in search of glory. He had the standard patriotism of his kind. He was trained to do his duty. But above and beyond that he craved for glory in the old pagan sense, as did the Homeric heroes and the Norse fighting men. He was born at the right time to get it. He was 30 when the French Revolution flared up, and, though no one foresaw it, England was due for 20 years of war.

What some, including Nelson himself, fairly soon did foresee was that England couldn't begin to compete with French armies on land. The country's hope of victories could be only at sea. In the Mediterranean Nelson didn't take long to establish his reputation as the most spectacular of fighting commanders.

Naval warfare in Nelson's period was not very different from what the sailors who fought the Armada had been used to. Frobisher and Drake and the rest would have required only a few days to fit into Nelson's fleet. All his engagements needed seamanship, at which he was a master, strategic foresight and tactical daring. The actual battles themselves were primitive. The idea was to get one's ships within pistol shot of their French opposite numbers, and blaze away. French ships were better built than the English, and were almost never sunk. They were disabled, captured, and then refitted for the English navy. The French officers were as gallant as the English, but their seamen and the general organisation less efficient. Nelson, in a paternalistic manner, took maximum care of his crew. Casualties were heavy in nearly all these sea battles, largely, Bradford explains, through great chunks of random debris, torn off by cannon shot, streaming across the decks.

When Nelson won the Battle of the Nile, which was a strategic triumph, he was confirmed as a national hero. There followed Copenhagen and Trafalgar, and no one has since doubted that he was one of the greatest admirals. Perhaps Nimitz is the only other with such a record of unqualified success. No doubt Nimitz would have adapted himself to the 18th-century Navy, but he would have found it more unfamiliar than the Armada sailors would have done.

Just after the Nile, and before the other major victories, Nelson fell in love with Emma Hamilton. He was 40. His marriage hadn't brought him much joy. He had probably had other women, but at the sight of Emma life was transformed. To others she seemed vulgar and vaguely ridiculous with her "Attitudes," affectations, extravagances, considerable corpulence. Nelson may somehow have seen the prettiness that Romney painted. Anyway, she made him feel twice as large as life. She flattered him, and he was a vainer man than most. She was born to give men pleasure, and almost certainly she gave him more pleasure in bed than he had ever imagined.

He loved her to distraction. In the process he totally lost his judgment, or felt exalted above the need for judgment. He identified himself with Emma's friends, the King and Queen of Naples, perhaps the stupidest and most deplorable monarchical couple in Europe. He ignored orders to leave their Court, which meant leaving Emma's bed. He was lucky that St. Vincent at the Admiralty was wise and long-suffering, and so was his commander in the Mediterranean. Fortunately Nelson was much loved, and they put up with it all.

Everyone except George III put up with his triumphal tour with Emma through the courts of Europe, his land, since she didn't care for the sea. It was a preposterous and touching devotion. In private, some people jeered after meeting them, for she was about twice his size. And yet, those who heard him talk seriously, as Wellington did just once, recognised that he was not only a great hero, but a remarkable personality. All this tasteless display might have ruined another man. With Nelson it added to his glory. He was allowed to get away with everything, and saved for Trafalgar.

Nelson at Copenhagen—from a contemporary drawing

Mann and Newman

BY RONALD CRICHTON

The Operas of Mozart by William Mann. Cassell, £15. 656 pages

Opera from A to Z by Elizabeth Forbes. Kaye and Ward, £3.50. 153 pages

The Life of Richard Wagner by Ernest Newman. Vol. 1, 1813-1848, 512 pages. Vol. 2, 1848-1860, 619 pages. Vol. 3, 1859-1866, 569 pages. Vol. 4, 1866-1883, 729 pages. Hardback edition, Cassell. The set, £34.00. Paperback edition, Cambridge University Press. The set, £17.50

William Mann's fat book follows, after a considerable interval, his earlier, valuable "critical study" of the operas of Strauss. In the case of Strauss, it was the later operas that were in need of a guide. With Mozart, it is the other way round. In recent years the informed but non-specialist public has grown more familiar with pre-Mozartian opera. To this category belong Mozart's own juvenile dramatic works. Though these may never become popular, they are no longer inaccessible. There are recordings; *Lucio Silla* and *Il re pastore* have been staged in London; shortly before this book appeared there was a concert performance on South Bank of *Apollo et Hyacinthus*.

These and other immature works—some of them by conventional 19th century standards not classifiable as operas—are generously treated as are the later but unfinished projects *Zaide* and *L'oca del Cairo*. This does not mean that the accepted masterpieces are given less than their due of Mr. Mann's erudite, enveloping enthusiasm. He is cool about *Die Entführung*, but eloquent on the superb quality and great importance of *Idomeneo* (though disappointingly says little about the important role in that opera of the dance).

"The Operas of Mozart" is planned both for continuous reading and for use opera by opera, essential information being unobtrusively repeated. The formula is roughly the one sanctified by Newman in *Opera Nights* and often used since (with notable success by Julian Budden in his first volume on Verdi's operas). Mr. Mann adds to the usual scheme of introduction, detailed synopsis with liberal music examples and summing-up, a number of *intermezzi* on aspects of Mozart's style. No attentive reader of his book will have any excuse for underestimating the importance Mozart attached to words, the extent to which he suited his music to particular singers, or indifference to the question of *appoggiaturas* and gracings.

The best writing comes in the introductions and summings-up—lucid, informative, concentrated comment about the social, literary and theatrical background. The synopses raise the question of whether readers at home with the examples really need so much detail about what the orchestra is up to at a given moment. Not that the method is necessarily played out — this reviewer has been able in the past few weeks to put the chapters on *Don Giovanni* and *Die Zauberflöte* to practical test and found them useful and stimulating. But in the descriptive pages the informal style Mr. Mann uses with such enviable ease for overnight notices and programme notes turns a little heavy. For long doses, the writing needs weeding out or boiling down: the reader begins to feel, in the friendliest way, pummelled.

Opera from A to Z, by Elizabeth Forbes, is part of a series using a tripartite formula that has served for subjects as diverse as Apple Recipes and Stocks and Shares. The present example provides a survey of the history of opera from the beginnings to the outbreak of World War II, a compressed dictionary (on coloured paper), lastly an account of post-war developments. The surveys are concise, clear and sensible. With the dictionary (mainly names of composers, singers and operas, with a few producers, librettists, opera-houses), Miss Forbes has faced the usual difficulty of what to leave out.

Every opera-lover will rush to see if their favourites in a given period are included. Sometimes, though the author has ingeniously crammed much into a tiny space, they will be disappointed. Many are there because of success to-day who may not appear in a similar list in 50 years' time. In the 19th century, the criterion appears to have been as much the creation of important roles as outstanding vocal gifts. Among the great names of the inter-war period Leider, Thill and Vallin are missing; among those of to-day, Nödl. There is no solution—except more space. The little book is well produced with, as a nice change from dreary photographs, line engravings from the Illustrated London News. Lord Harewood contributes a preface.

After being partly or wholly unobtainable for long years, the four volumes of Ernest Newman's celebrated *Life of Richard Wagner*, the finest fruit of a lifetime of consuming but by no means idolatrous devotion, are once again available. What is more, they are available in two forms—in paperback from the Cambridge University Press (£17.50 the set) and in hardback from Cassell, the original publisher (£34.00 the set). Except possibly for some time-juggling opportunity of reading Newman in his prime on the Boulez-Chéreau Ring at Bayreuth, the tetralogy's centenary year could hardly have brought a more welcome memorial.

In the 50 years that has passed since Newman completed his work, much has happened—new material has become available, more is known about Wagner himself and his working methods, about the extraordinary people drawn into his voracious orbit. His later operas, at least, have gained an audience of a size Newman could hardly have foreseen. Yet one can't easily imagine that his thick but fatally readable tomes will become dispensable. Has any reader ever looked up a particular point without being happily distracted by some brilliantly marshalled evidence, compelling stretch of narrative or subacid footnote?

Hunt the symbol again

BY DAVID FREUD

e Changing by Edward ndy. Victor Gollancz, £3.75. pages.

oner by John Cheever. Jonathan Cape, £3.95. 211 pages

Way Out by Romain Gary. ichael Joseph, £4.25. 201 ges

on the Mountain by Anita sai. Heinemann, £3.50. 146 ges

ountain at the End of Night, ories of Dream and Vision Caroline Glyn. Victor Gollancz. £4.95. 216 pages

irritating fashion is becom ncreasingly popular among ists: the ambiguous ending. ourse, many great novels ended ambiguously—and enhanced by so ending. But enhancement arises ly from the fact that ambiguity has been one of the main themes of the book and the climax serves to punch the message home.

Where there is no such theme the ambiguous ending is gratuitous. Often it spells laziness. The author has simply not taken the trouble to define at the end of his story exactly what he is trying to say. And laziness at the close is as good an indication as any of sloppy thinking all the way through. A reader may have bought or borrowed a book on the promise of its opening but he will remember it on the strength of its climax.

Two strong novels in this week's batch, *Falconer* and *The Way Out*, are diminished by desultory endings. The hypnotic power of a third, Anita Desai's *Fire on the Mountain*, is badly let down in the unexplained final chapters.

Edward Candy avoids all the pitfalls. *Scene Changing* charts with wit and meticulous observation the changes in attitude of scholarly novelist Jeff Renshaw when a famous dramatist starts turning his first book into a play. The dramatist is attracted by the quiet perfection of the novel, which will never raise a ripple on its own. He aims to translate it to the stage "so that there isn't one moment in the whole length of the play when the novelist feels, no, that's all wrong, that isn't at all what I meant."

Initially Renshaw is even more concerned at keeping the play faithful to the original. But gradually fidelity takes second place to the desire for success. The combination of pressure from wife, director and leading lady proves hard to resist. And, ironically, it is the dramatist who is hurt by the commercial success of the play—along with the changes to the script.

"The ending?" Renshaw's son asks him; "And this is what you've always wanted?"

"Yes."

"Then that's all right."

"Yes, that's all right."

In *Falconer*, John Cheever's novel, Zeke Farragut, a 48-year-old university professor, enters a U.S. prison for murdering his brother. The book describes his experiences and his meandering obsessions as well as the obsessions of the other inmates of Falconer with whom he comes in contact. The strongest feature of the book is its picture of perverse individuality — the self-centred madness of each character.

The plot's punches are pulled, from the revelation of Farragut's reason for fratricide to his escape. Nor is Cheever quite in command of his rough-hewn style. By the end Farragut has "lost his fear of falling"—whatever that is meant to imply.

The Way Out is an attempted parable of the decline of the West told through the intimations of impotence felt by a French tycoon in his sixtieth year. Jacques Rainier has fallen in love with a girl 37 years younger and his business faces imminent collapse.

The novel is packed with witty observation. "Conversation is one of the most unappreciated forms of silence," muses Rainier as he camouflages his emotions. But, after a botched suicide attempt, he comes to terms with his age and decides to leave France with the girl to go travelling. Exactly why he changes his mind is not clear, however. A pity, because the rest of the book is interestingly concerned with how he became suicidal in the first place.

Fire on the Mountain is set in India's Simla Hills, where an old woman, Nanda Kaul, lives alone, treasuring her solitude. A great grand-daughter arrives to interrupt her peace and, after initial resentment, a sense of kinship develops. The girl also is a recluse, but a "recluse by nature, by instinct."

The language is hypnotically beautiful and subtle and the characterisation quietly precise. The violent ending, however, seems tacked on almost as an after-thought. The girl setting fire to the forest is clearly a symbol—but a symbol of what? Anita Desai does not make the meaning clear.

Each of the 23 short stories in Caroline Glyn's collection *A Mountain at the End of Night* had its origin in a dream or waking vision and the theme is the transforming power of vision. Tidily written, descriptive and very, very symbolic.

:K. ECONOMIC INDICATORS

	1977			1976	
al	June	May	Apr.	June	May
ployment ('000s)	1,450.1	1,341.7	1,392.2	1,332.6	1,271.8
d vacancies ('000s)	168.8	155.4	155.7	127.0	124.4
cy reserves ($bn.)	11.57	9.9	10.13	5.11	5.42
	May	Apr.	Mar.	May	Apr.
materials (1970=100)	348.1p	349.1p	347.4	292.0	266.3
advances (£bn.)	13.879	15.915	15.557	14.309	14.196
. products (1970=100)	259.6p	255.1p	250.9	214.8	211.5
of trade (1970=100)	80.9p	79.6	80.2	79.5	80.0
prices (1974=100)	181.7	180.3	175.8	155.2	153.5
rates (July 1972=100)	225.4	224.6	223.9	210.5	208.8
	Apr.	Mar.	Feb.	Apr.	Mar.
ht (£m.)	2,782	2,737	2,691	2,320	2,297
ial output (1970=100)	103.2	103.1	104.0	102.4	102.0
sales value (1971=100)	218.5	215.8	218.1	195.3	199.3

	1977			1976	
and industry	May	Apr.	Jan.-May	May	Jan.-May
weekly average ('000 s)*	389.8	380.4	410.9	468.6	444.3
s (fob) (£bn.)	2.860p	2.736	2.801	2.383	2.106
s (fob) (£bn.)	2.616p	2.635	2.533	2.009	1.874
trade balance (£bn.)	−0.244p	−0.219	−0.266	−0.374	−0.257
000s)§	117p	126	110	120	116
rcial vehicles ('000s)¶	34.1p	31.0	34.3	32.4	31.5
de fibres (m. kgs.)*	47.67	52.27	50.90	53.60	53.60
	Apr.	Mar.	Jan.-Apr.	Apr.	Jan.-Apr
(millions)*	400p	490	423	467	456
, weekly average ('000 s)*	296	301	268	303	293
re (1970=100)††**	135p	158	157	151	157
completed ('000s)	23.6	25.0	22.7	25.9	25.4
s ('000s)‡‡	194	225	209	170	191
tton, weekly average lonnes)§	1.98	2.07	2.22	2.35	2.34
um (m. tonnes)h	6.862	7.721	7.357	7.052	7.394
	Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
radiograms ('000s)‡‡s	367	366	499	249	368
(1970=100)	98p	104p	105	90	97
machines ('000s)†	90.6	102.5	87.2	74.7	80.3
ring orders on hand =100)**	92	92	91.7	93	94.7
ol (m. kilos)§	11.9	10.2	10.8	11.4	10.3
	Feb.	Jan.	Jan.-Feb.	Feb.	Jan.-Feb.
tools (£m.)‡	31.2p	36.9p	34.1	30.4	30.1
cookers ('000s)f†	92.3	87.3	89.8	88.0	75.1

	1977	1976			1975
	1st qtr.	4th qtr.	1st qtr.	Year	Year
er spending (£bn. alues)	8.740g	8.955	8.876	35.571	35.413
rade turnover (1972=)	202	175	166	174	143
and civil engineering c	3.069p	3.246	2.963	3.131	2.902

tion. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally l. †† All manufacturing industries. ‖ Excluding car radios. eries, U.K. made and imported sets. d Prices. f Including griller toasters. c Value of output. ¶ United Kingdom not ly adjusted. g First preliminary estimate. p Provisional h Deliveries of petroleum products for inland consumption. available. s From Feb. 1977 figures will exclude radiograms.

Hike around Hayek

BY ANTONY FLEW

Essays on Hayek, edited by F. Machlup. Routledge and Kegan Paul, £4.25. 182 pages

This is strictly not a festschrift: that was *Roads to Freedom*, produced for the subject's seventieth birthday in 1969 by Erich Streissler. The present volume is a by-product of the special regional meeting of the Mont Pelerin Society, held in 1975 to honour the founder. It consists in seven papers about Friedrich von Hayek delivered at that meeting, an editorial note about the Society, a Foreword by Milton Friedman, Notes on Contributors, a biographical fragment on Hayek as a Nobel Prizewinner, and an index.

The papers are papers about Hayek's work rather than, as in the festschrift, attempted contributions in areas of his main interest. The crucial question is, therefore, "What does this work offer which we could not get as well or better by reading or re-reading some of Hayek's own writings?" I am not sure that the answers add up to a good book's worth.

"The Relevance of Friedrich A. Hayek" by George Roche provides the sort of survey which ought to have been published where it might have been read by the unconverted. But Fritz Machlup on "Hayek's Contribution to Economics," with its full bibliography is just the thing for the economist who, beginning to suspect that the subject has taken some wrong turnings, now wants to go back to find a better way.

Arthur Shenfield's "Scientism and the Study of Society" provides no fresh illumination. Shenfield of course follows Hayek in his employment of the term "scientism." Unfortunately Shenfield fails to distinguish this from the way in which the word is now, so much more widely used or rather, abused. Nor is it helpful to build into the meaning of the word "historicism" the claims "that there are no general laws of social behaviour" and that "the only general law is a law of history."

Shenfield thinks he is following Popper here. But Popper himself, rejecting the historicism which asserts that there are inexorable laws of historical development, insists that there are general sociological laws. (See *The Poverty of Historicism*, pages 61-63.) In doing this Popper both lets slip the most powerful argument against such historicism and becomes guilty of the scientism which is the application of the methods and ideas of "the natural sciences to problems for which they are not apt." For human studies deal with choices and actions; and there cannot be natural laws which make these inevitable even by the agent, and hence not truly what they are.

Ronald Hartwell on "Capitalism and the Historians" and William Buckley on "The Road to Serfdom: The Intellectuals and Socialism" both begin to explore the psychology and sociology of hostility to liberal values—unlovely subjects about which Hayek himself has usually been too urbane and gentlemanly to inquire. The two final essays are "Hayek on the Rule of Law" by Gottfried Dietze and "The Achievement of Friedrich A. Hayek" by Shirley Letwin.

John Fowles: all done by mirrors

Gut reactions

BY ANTHONY CURTIS

Abba Abba by Anthony Burgess. Faber, £3.95. 127 pages

Gaudete by Ted Hughes. Faber, £4.50. 200 pages

The Magus A Revised Version by John Fowles. Jonathan Cape, £4.95. 656 pages

"I have an habitual feeling," wrote Keats in a long letter from Rome in 1820, "of my real life having passed, and that I am leading a posthumous existence"—this proved to be a tragically accurate insight. During these last days he was devotedly looked after by the painter Joseph Severn while being treated by his Scottish doctor James Clark. The bare facts relating to this period in Heyder Rollins's *Keats and his Circle* are moving enough, and there are sombre pages devoted to it in Sheila Birkenhead's double biography of the Severns, father and son, *Illustrious Friends*. Now in the form of a slim, puzzling, haunting novel Anthony Burgess has given us a fictional re-creation of these pain-filled Roman days; scholarship and imagination blend together here to produce an intensely literary book that reads as if it were a period document.

Apart from the usual characters of the Keats entourage Mr. Burgess introduces several who will be unfamiliar to most readers, particularly his other hero, the poet Belli, author of more than two thousand sonnets in the Roman dialect; their language matched the mood of the taverns where he sometimes recited them. At the end of the volume Mr. Burgess prints a selection of these sonnetti in his own translation; their biblical themes are treated with deliberate foul-mouthed coarseness.

Mr. Burgess assumes a meeting between Keats and Belli, brought about by another Italian, Giovanni Gulielmi, around which the first part of the novel turns. Keats's agony as he lay on his death-bed coughing blood, and being bled by Clark, is seen through the work of Belli in the light of the Agony of Christ on the Cross. Hence the title of the book, a multiple Joycean pun on the rhyme scheme of the Italian sonnet, Jesus's last words and the author's initials. The image of blood saturates the novel which puts back into the English romantic movement the guts it has often seemed to lack.

An absence of guts is not a charge that can be levelled against the work of Ted Hughes but his latest work *Gaudete*, a long narrative poem written originally for a film that was never made, blasts a trail of violence beyond the confines of the credible or even the imaginable. It concerns the abduction by demons of an Anglican clergyman, the Reverend Lumb, who created a hideous monster in his stead to perform his duties "in his own way": that is by raping every woman in sight. Mr. Hughes applies the most eloquent language, the most virile and muscular poetic metre, to the task of unfolding the career of the false, randy Lumb, and the havoc his activities cause in one hitherto peaceful English village. At the end the real man returns transformed into a saintly pilgrim on the west coast of Ireland. Mr. Hughes has given us a repellent parable of darkness and light on which scholars of his work will spend much time and ingenuity interpreting. Read it, though.

Another modern work that has already been the subject of many different interpretations is John Fowles's novel *The Magus*. It reappears in a revised version where the author has made some scenes, particularly the sexual ones, more explicit. In substance it remains the same hugely enjoyable book about a young English teacher's encounters with the mystery man of a small Greek island (now revealed as Spetsai) and it is no easier to say what exactly is happening. But what we do know, thanks to the author's new foreword, is the formative part the book played in his own life, being written earlier than his first published work *The Collector* and the models he used for it, among them *The Turn of the Screw*, *Great Expectations*, *Bevis* and above all *Le Grand Meaulnes*. He shows that as well as guts romanticism must still possess a sense of mystery, or as he puts it in *Aristos*: "In this universe of mirrors and metaphors man reflects and parallels all realities. They are all in each mind, but deep."

Island spree for all

BY FRANCIS KING

The Sicilian Carousel by Lawrence Durrell. Faber, £5.25, 223 pages

This book is something of a tease.

While I was reading it, I readily accepted it for what the blurb declared it to be: an account of a real-life package tour of Sicily—the "Sicilian Carousel" of the title—on board "a beautiful little camionette of a deep crimson-lake colour . . . apparently quite new." When not himself describing Sicilian sights, sounds and scents (he is particularly good on the last two of these) or expatiating on Mediterranean civilisation in general, Lawrence Durrell calls to his aid the letters of a woman friend, now dead, who shared his "islomania" and who wrote to him from the island before he ever visited it, or else describes his fellow travellers. These last, a heterogeneous crew, include an Anglican bishop assailed by Doubts, an American dentist who has eloped with the most glamorous of his patients, and a gentle and cultivated ex-Indian Army colonel, now employed by the Allied Graves Commission.

It is true that, at times, I wondered if Mr. Durrell might not be up to his old trick of gilding fact with fiction. One of the fellow-travellers, "just hurled out of a prep school near Dungeness for behaviour unbecoming to an officer and a hypocrite," bears so uncanny a resemblance to Evelyn Waugh's Captain Grimes that he might have been the real-life model for that reprobate. No less striking is the remarkable resemblance in style between Mr. Durrell's erudite comments and those both of his dead correspondent and of the colonel.

Mr. Durrell is one of the most romantic and the least realistic of present-day writers. When he tells one that, in the past, he and the now dead woman, "lying in the deep grass of the ruined Abbey of Bellapais, or among the shattered pillars of Salamis," would read together, one would not expect them to have been reading anything as ordinary as the papers, Agatha Christie or Jane Austen. It has to be "Pali texts." Similarly one would not expect the texts to have been bought in the Charing Cross Road or borrowed from the London Library. They have to be the gift of "an Indian princeling."

Mr. Durrell's faults both as a stylist and as a delineator of character spring from a deficiency of trust. He does not have enough trust in his tremendous talent to write simply and sparely, in the certainty that he can make any effect he has in mind: and he does not have enough trust in his characters to let them behave naturally and realistically, in the certainty that they will interest the reader.

But the exaggerations, whether of style or of characterisation, seemed to me, while I was still reading, to be no more than the retouching of a highly skilled but over-finicky photographer. Then, as I was closing the book, my eye was caught by the "Acknowledgements." "All the characters in the book are imaginary . . ." *Imaginary!* Does this mean that the Sicilian Carousel never took place at all? And is "Durrell" himself—a jolly, jocular, erudite old codger, still spry enough to take a dip or to appraise a woman's buttocks — also imaginary?

Yes, undoubtedly, this book is something of a tease — but a highly entertaining one.

Crimes in short

BY WILLIAM WEAVER

An Up and Coming Man by Frank Branston. André Deutsch, £3.25, 195 pages

A very self-confident first novel (announced as the beginning of a series). The protagonist is Tommy Tompkins, reporter on the local paper in the graft-ridden city of Ridley. With insistence—even with some arrogance—Tompkins opens a number of skeleton-filled local closets, thus sparking various murders. In fact, he is nearly murdered himself. The pace of the story is fast, and the plot mechanism is deftly constructed. A number of people in the book dislike Tommy, and for that matter, he is not a specially agreeable man. His being always right gives him an occasionally irritating self-righteousness. Still, this is good entertainment.

The Pretty Pink Shroud by Elizabeth Ferrars. Collins, £2.95, 196 pages

Elizabeth Ferrars's special territory is the provincial city. And this time she gives us Pottershill, complete with its posh suburb (overlooking the golf course), its middle class bickerings and alliances, its charities and its gossip. The Economy Centre is a local shop, run by volunteer ladies, who sell old clothes for money then devote it to good purposes. One morning, after an annual benefit ball, the ladies on duty are surprised to find, among their offerings, a lovely ball dress with an ugly stain that looks alarmingly like blood and a round hole that could easily have been made by a bullet. After some understandable dithering, an investigation begins. It is really the ladies — specifically Ruth and her daughter Ingrid—who carry it out, and with success. Along the way, the author proceeds in her admirable, understated, straightforward style.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Bank of California sells 27 branches

BY STEWART FLEMING NEW YORK, July 6.

BANK OF California, a subsidiary of Bankcal Tri-State, a company which Standard and Chartered Bank attempted to take over earlier this year, has announced that it has sold 27 of its State-wide banking branches.

The purchasers are Sumitomo Bank of California, a subsidiary of the Japanese Sumitomo banking group, which will acquire 19 of the branches primarily in the San Francisco and Los Angeles areas, and Wells Fargo Bank which will buy eight branches primarily in San Bernadino and Orange Counties in southern California.

Bank of California said the purchase price is $22.2m. over net asset value. Bank of California had announced in May that it intended to sell 22 of its 74 Californian branches. Six widely dispersed branches in Northern California were not sold as a group but will be offered for sale individually, the bank said.

● Michael Blanden writes: The outcome of the Bancal sale of branches means that the two British banks which were in the bidding, Barclays International and Standard and Chartered, have been disappointed in their attempt to expand their activities in California in this way.

Standard, after the failure of its takeover of the Bank of California, made an offer for 18 of the 33 branches being sold. Last night the bank said the decision would not affect its strategy of expanding in California, with 3 or 4 new branches expected to open this year.

Time Inc. bid for book club

TIME INCORPORATED, the U.S. magazine publisher which owns Time Magazine, Sports Illustrated and Fortune, announced a $63m. agreed cash and share take-over of the Book-of-the-Month Club, the leading international book mail order group, with a current market capitalisation of $48m.

Under the terms of the proposed deal, Book-of-the-Month Club shareholders have the option of receiving $30 cash or one share of a new Time convertible preferred issue for each share. Time's offer is conditional on it not having to pay cash for more than 45 per cent. of the Club's 2.1m. shares.

The new Time issue, which will be quoted in New York, will be convertible into a 0.72 fraction of a share of Time. With Time shares now trading at $37, this places a value now of $26 on the new issue. The preferred stock also will be redeemable after five years at full value of $30.

Later the U.S. Justice Department stated that either its own Anti-Trust division or the Federal Trade Commission would investigate the proposed merger. A spokesman said that neither company had attempted to seek an advance Government ruling.

The Book-of-the-Month Club, founded in 1926, distributes fiction and non-fiction books through the mail to about 1.2m. members. It also operates a wide range of smaller, more specialised book clubs and, again through the postal system, distributes records and art.

Revlon takes over Armour

REVLON, the international cosmetics group is expanding its ethical pharmaceuticals interests with its biggest takeover ever, a $90m. cash payment for Armour Pharmaceutical, a subsidiary of the Greyhound Corporation.

Armour Pharmaceuticals' worldwide sales total around $100m., of which $65m. are in the United States, and according to Armour the company is highly profitable.

The $90m. purchase price will be paid directly out of Revlon's cash reserves without need to borrow. At the end of its last financial year Revlon had cash of $268m. in its balance sheet.

Revlon has been expanding for many years in the pharmaceutical industry and has been on the lookout for major acquisitions. Seven years ago it sought to acquire Parke Davis and Co., a leading drug house, but without success.

Toronto ruling against IBM

A CANADIAN Federal Court judge in Toronto, in what could prove a significant legal precedent for many outstanding patent suits, ruled late last night that International Business Machines (IBM) did indeed infringe in the Canadian market five copier patents owned by Xerox, reports Jay Palmer from New York.

The ruling, which IBM seems likely to appeal, came some weeks after trial had finished of the case brought by the copier giant Xerox against its most persistent challenger, the computer giant IBM.

While Xerox, not unnaturally, maintains that this geographically limited Canadian ruling does have implications for its still pre-trial U.S. patent suit against IBM, the huge computer company is taking a different view.

Downward pressure on loans in New York

By Our Own Correspondent

NEW YORK, July 6.

BANKERS in New York are reporting that intense competition to make commercial and industrial loans has led to widespread easing of credit terms compared with published interest rates and normal conditions.

Currently the prime rate at most commercial banks is 6¾ per cent.—the prime rate being the interest charged by a commercial bank to its best customers. However in its latest weekly report on the money markets, Schroders comments that "some large corporations are able to borrow from banks at rates under the prime loan rate."

Asked to comment on the lending market, Mr. John Sullivan, senior vice-president at Manufacturers Hanover Trust, one of New York's largest banks said to-day: "There is no question that there is discounting on loan requirements."

Mr. Sullivan suggested that he could not remember a more competitive period in the lending market, adding that the discounting of terms was reflected in greater flexibility, length of loans, pricing and conditions attached to them.

He suggested that what he would regard as standard pricing was the prime rate with a 20 per cent. compensating balance, although he could not define standard pricing for other banks.

World Bank to raise $750m.

THE International Bank for Reconstruction and Development, more commonly known as the World Bank, plans to offer $750m. of securities on the U.S. capital market later this month through a consortium of banks led by First Boston Corporation, Salomon Brothers and Morgan Stanley. There are three tranches: $250m. ere five year notes, $250m. ten year notes, and the third tranche consists of 25-year bonds.

Last year the World Bank raised $1,850bn. on the U.S. capital market. The operation just announced, coming at the beginning of the new fiscal year, comes as no surprise.

Barclays Swiss move

GENEVA, July 6.

BARCLAYS BANK is negotiating through a subsidiary, the purchase of the private Leclere Bank of Geneva, which was forced to close its doors at the beginning of May.

Banque Leclere, according to banking circles, lost between Sw.Frs.20m. and Sw.Frs.30m. on nnsnccessful real estate investments.

Its closing was followed by the snicides of a director and a former director.

Bally calls in auditors over asset-stripping allegations

BY JOHN WICKS SCHONENWERD, July 6.

SHAREHOLDERS AT a stormy annual meeting of the Bally shoe concern to-day forced the convening of an extraordinary general meeting in connection with claims of asset-stripping. Although a majority of votes opposed the proposal, Board president Dr. Walter Konig decided to present the proposal to the Board: this means that the Board is virtually certain to call an egm voluntarily.

Auditors are to be instructed to investigate allegations made by the newspaper Neue Zurcher Zeitung to-day that parent company C. F. Bally AG had been the subject of "systematic asset stripping" and that investments totalling Sw.Frs.41.5m. had been made by Bally in companies affiliated with Mr. Werner K. Rey. Mr. Rey became managing director of C. F. Bally earlier this year after his company Syndikats AG, of Zurich, had acquired a controlling interest in Bally.

Union Bank of Switzerland was one of the shereholders calling for an extraordinary general meeting. Previously, the representative of the Swiss Bank Corporation had said his bank would abstain from voting on acceptance of the company report and on discharge of the Board from responsibility for the past business year until the newspaper's claims were examined. Further information was called for by other shareholders, including the chairman of the company's employee association.

Mr. Rey told shareholders that capital and reserves of Syndikats AG are well in excess of sums due to C. F. Bally. Payment for the repurchase of the Geneva-based Overseas Development Bank from Bally by Syndikats AG would be made. Accounts with the bank, which had granted credits to British and Cansdian group companies, were not in danger. The position of C. F. Bally had been improved by its divestment of the bank, be added.

The withdrawal of the banking concession of Overseas Development Bank will be the subject of an appeal to the Federal Court, said Mr. Rey. The Federal Bar[king] Commission, which has be[en] investigating the question whether the bank is Swiss [con]trolled; to-day confirmed its w[ith]drawal of the bank's licence.

With regard to the Swiss ne[ws]paper's contentions, both Mr. [Rey] and Dr. Konig denied that Swiss production subsidiary B[ally] Schuhfabriken AG, of Schon[en]werd, had granted a loan to former company Panglobal, the holding company renar[med] Bally Anlagen AG in Febru[ary] and the sole owner of Over[seas] Development Bank.

They said that a Bally dep[osit] with Atlantis Bank of the [Cay]man Islands, had been w[ith]drawn. Bally would take steps to gain satisfaction" in [con]nection with the newsp[aper] report, said Mr. Rey.

There was a sharp fall in price of Bally shares on Zurich Stock Exchange t[o-day] following the newspaper ar[ticle] with bearer stock falling Sw.Frs.1,220 to Sw.Frs.1,040 registered shares Sw.Frs.1,140 to Sw.Frs.1,010.

First-half decline at Veba

BY GUY HAWTIN FRANKFURT, July

THINGS are not going so well at Veba, West Germany's largest industrial concern. Last year's recovery produced a very satisfactory upturn in the energy group's fortunes, but 1977 has seen yet another decline in prospects.

Veba, of course, is in a business which fails or prospers according to the performance of other industrial groups. It is also extremely sensitive to West Germany's economic situation as a whole in that it is a major supplier of power to the general public, as well as being one of the most important sources of fuel for the motorist.

The first half of the current year has seen a substantial decline in earnings. The opening quarter's net earnings dropped from 1976's DM48m. to DM38m. (£9.6m.). Figures for the first half of the year have not been completed but the earnings decline could well be of the same order, despite upturns that have been noticed in certain sectors.

Herr Rudolf Von Bennigsen-Foerder, the chief executive, was unwilling to predict either the year's outcome or the 1977 dividend prospects. He said that it was possible to argue that the group would be unable to hold its dividend, but that it was extremely difficult to predict the course of business during the remaining half year.

The group's external turnover in the opening five months of 1977 totalled DM11.1bn. (£2.80bn.) which was changed from the previous y[ear's] figure. However, in the se[cond] half the group was expect[ed to] more positive earnings t[han] accruing in part from increases by the Norddeutsche Kraftwerke and Preussische Elektrizitaets-A[G].

In the chemical sector, earnings position had stab[ilised] and, indeed, improved in c[ertain] sectors. Veba expected that [there] would be an overall imp[rove]ment in chemicals earning[s for] the year as a whole. Profi[ts in] the trade and transport s[ectors] were thought to be satisfac[tory]. Against this the group's [loss] making activities d[espite] improvement in performa[nce] were expected again to m[ake a] loss.

Daimler-Benz sales up

BY ADRIAN DICKS BONN, July 6.

DAIMLER-BENZ increased its turnover by 6.9 per cent. to DM12.5bn. during the first half of this year, and holds to its forecasts that the year will see a 10 per cent. increase to DM26bn., the chairman of the executive Board, Herr Joachim Zahn told the company's annual meeting to-day.

If these forecasts prove correct, Daimler-Benz profit for 1977 should be close to the DM392m. earned last year, the chairman added. For 1976, the company paid a dividend of DM9.50 per DM50 share, and also put DM167m. to reserves.

Following a 10.5 per cent. jump in new private car sales, car output rose to 198,600 during the first half. Daimler-Benz expects total output to top the 400,000 mark for the first time. Herr Zahn said that the new S-class Mercedes had been very successful, showing a 18.5 per cent. gain—though he warned that this was likely to be an exception.

Herr Zahn said that output of commercial vehicles had reached 123,000 in the first six months, and for the year would not exceed the 247,000 units produced in 1976.

For the future, Herr Zahn warned that there was appreciable over-capacity in the European commercial vehicle market, which would become more serious as East European Governments, among others, expanded further. Daimler-Benz, he added, was well aware that much of the expected competition was aimed directly at itself, but was confident that it was prepared

Messerschmit[t] stake taken [...]

THE STATE governmen[t of] Bavaria has become the l[argest] single shareholder in M[esser]schmitt-Boelkow-Blohm, Germany's biggest aero[space] company, after buying 12.2 [per] cent. of the total stock yest[erday] from Herr Ludwig Boelkow executive head of the co[mpany], reports our Bonn correspo[ndent].

No price was revealed f[or the] deal, but Herr Max Streib[l], Bavarian Finance Minister, [said] it "corresponded to the stance and profitability o[f the] group." Directly and th[rough] the state development fin[ance] Institute, Bavaria now just under 26 per cen[t. of] MBB's total capital.

There is likely to be sp[ecula]tion that Herr Boelkow's s[ale of] most of his holding (he r[etains] just over 1 per cent.) [is a] prelude to his withdrawal [from] active management

Bayerische Land. opens in London

By Michael Blanden

BAYERISCHE Landesbank Girozentrale, the central bank of the Bavarian savings banks, has expanded its international operations by opening a representative office in London.

Dr. Ludwig Huber, the bank's president, said in London yesterday that the move was "an important step in extending our international operations."

The bank expects that eventually it will consider setting up a full branch operation in the City. The representative office is aimed to provide a centre for contact with the international money markets and a source of business at present handled through the Munich head office or through the Luxembourg Euromarket subsidiary.

Dr. Hans Linss, the director in charge of the bank's international business, said that through its representation in London the bank hoped "not only to strengthen its position on the Euromarket but also to use the vast potential of the City for worldwide business relations."

EUROBONDS

Profit takers come to market

BY FRANCIS GHILES

The eurobond market continued in fine form yesterday although there were clear indications of some profit taking, and not only from professionals. Turnover was very good in the dollar, DM and guilder sectors but some forecasts of a rise in short term interest rates in the U.S. following the rise in the money supply made dealers cautious.

The dollar was more stable yesterday than on Monday and Tuesday and some people in the market were brushing aside the weakness of the past few days by pointing out that the U.S. currency always slips after any announced increase in the price of oil. The movement is self correcting they insisted.

However, other factors make for uncertainty at present, not least the widespread conviction that the Yen and the Deutschemark are bound to move up against other currencies and the weakness earlier this week of the New York bond market.

Amid these signs of strain, the DM200 bond for Norway had its coupon cut to 5¾ per cent. and was priced at 99½. The coupon of the Minolta bond which was many times oversubscribed is widely expected to be cut as is the coupon of the City of Montreal DM150m. issue.

In the dollar sector the $40m. 15 year convertible for Mitsubishi Corporation was priced at par. Lead manager of the issue is Morgan Stanley. The bonds are convertible after August 1 into the Tokyo listed shares at a parity of Y519 given the exchange rate employed for the life of the bonds of Y267 per dollar. Based on the conversion price of Mitsubishi shares last Monday, the conversion premium came to about 9.2 per cent.

The $40m. STET bond was priced at par yesterday with an unchanged coupon of 9¼ per cent. The terms which dealers described as realistic. The performance of this bond in the secondary market will be watched with great interest, particularly in the relation to that of the recent Olivetti issue.

The volume of offerings in the market overall is now running at the equivalent of $537m., more than 50 per cent. up compared with a week ago.

The Sw.Frs.50m. loan floated by the department of the Hauts de Seine has been over-subscribed while Dainippon Ink and Chemicals Inc. has announced it will make a private placement of Sw.Frs.50m. of convertible bonds with Credit Suisse and Fuji Bank (Schweitz) on July 21. Superfos is planning to float a Sw.Frs.50m. 5¾ per cent. bond due 1992 through a group led by Swiss Bank Corp. Proceeds are earmarked for the extension of the company's grain storage capacity and to build an ammonia plant in Fredericia in Western Denmark.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	100½	101¼
Australia 8¾pc 1991	103¾	104¼
Australian M. & S. 9½pc '92	101½	102½
Bowater 9½pc 1992	102½	103¼
Can. N. Railway 9¾pc 1986	101¾	103½
Credit National 8¾pc 1986	99¼	100¾
Denmark 8¾pc 1984	102¼	103
ECS 9pc 1993	102½	103¼
EIB 8¾pc 1992	101	101¾
EMI 9½pc 1989	102	102¾
Ericsson 8¾pc 1989	100¾	101½
Esso 8pc 1986 Nov.	104½	105
Gt. Lakes Paper 8¾pc 1984	100¼	101
Hamersley 9½pc 1992	103½	104½
ICI 8½pc 1987	99½	100½
ISE Canada 9¼pc 1986	105½	106½
Macmillan Bloedel 9pc '92	101	101½
Massey Ferguson 9¾pc 1991	104½	105½
Michelin 9¾pc 1988	103½	104¾
Midland Int. Fin. 8¾pc '86	101½	102¼
Ntl. Westminster 9pc 1986	102	102½
Newfoundland 9pc 1989	102½	103¼
Norges Kom. Bk 8¾pc '92	99½	100½
Norpipe 8¾pc 1989	101½	102
Norsk Hydro 8¾pc 1992	99	99½
Oslo 9pc 1988	102½	103½
Ports Autonomes 9pc 1991	100½	101½
Prov. Saskatch 8¾pc 1986	102½	103½
Quebec Hydro 9¾pc 1988	100½	101½
Reed Intnl. 9pc 1987	101	101½
Skand. Enskilda 9pc 1991	101¾	102¼
SKF 8pc 1987	98	98½
Sweden (K'dom) 8¾pc 1987	99½	100
United Biscuits 9pc 1989	102½	103
Volvo 8pc 1987 March	97½	98½
NOTES		
Australia 8¾pc 1983	103¾	104½
Bell Canada 7¾pc 1987	100½	101½
Br. Columbia Hyd. 7¾pc '85	97½	98½
Can. Pac. 8¾pc 1984	100½	101½
Dow Chemical 8pc 1989	103½	104
ECS 7¾pc 1982	98½	99
EEC 7¾pc 1982	98½	99
EEC 7¾pc 1984	97½	98
Enso Gutzeit 8¾pc 1984	98½	99
Gotaverken 9pc 1983	101½	102
Kockums 8pc 1983	100½	101½
Michelin 8¾pc 1983	101½	102
Montreal Urban 8¾pc 1981	101½	102½
Ntl. Coal Board 8¾pc '81	101½	102½
New Brunswick 8pc 1984	99½	100½
New Bruns. Prov. 9¾pc '83	102½	103½
New Zealand 8¾pc 1986	101½	102
Nordic Inv. Bank 7¾pc 1984	97½	98½
Norway 7¾pc 1982	98	98½
Ontario Hydro 8pc 1987	100½	101
Singer 9¾pc 1982	102½	103½
S. of Scot. Elec. 8¾pc 1981	100½	101½
D-MARK BONDS		
Austria 6¾pc 1985	102½	103
BFCE 7pc 1987	[illegible]	[illegible]
Denmark 6¾pc 1985	[illegible]	[illegible]
EIB 6¾pc 1984	[illegible]	[illegible]
ICI 7pc 1986	[illegible]	[illegible]
Kobe (City) 6¾pc 1987	[illegible]	[illegible]
Norsea Gas 7pc 1989	[illegible]	[illegible]
Norsk Hydro 6¾pc 1989	[illegible]	[illegible]
Norway 6¾pc 1982	[illegible]	[illegible]
Shell 6¾pc 1989	[illegible]	[illegible]
Sweden 6¾pc 1984	[illegible]	[illegible]
FLOATING RATE NOTES		
Bk. of Tokyo 1984 6¾pc	[illegible]	[illegible]
BFCE 1983 6¾pc	[illegible]	[illegible]
BNP 1983 6¾pc	[illegible]	[illegible]
CCF 1983 7pc	[illegible]	[illegible]
CGMF 1984 6¾pc	[illegible]	[illegible]
Creditanstalt 1981 7pc	[illegible]	[illegible]
Credit Lyonnais 1982 6¾pc	[illegible]	[illegible]
DG Bank 1982 6¾pc	[illegible]	[illegible]
GZB 1981 6¾pc	[illegible]	[illegible]
Intl. Westminster 1984 6pc	[illegible]	[illegible]
Lloyds 1983 7pc	[illegible]	[illegible]
LTCB 1981 6¾pc	[illegible]	[illegible]
Midland 1982 8pc	[illegible]	[illegible]
Midland 1987 6¾pc	[illegible]	[illegible]
OKB 1983 6¾pc	[illegible]	[illegible]
SNCF 1985 6¾pc	[illegible]	[illegible]
Stnd. & Chtrd. 1984 6¾pc	[illegible]	[illegible]
Williams & Glyns '84 6¾pc	[illegible]	[illegible]
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	[illegible]	[illegible]
Ashland 5pc 1988	[illegible]	[illegible]
Beatrice Foods 4¼pc 1992	[illegible]	[illegible]
Beatrice Foods 4¾pc 1992	[illegible]	[illegible]
Borden 5pc 1992	[illegible]	[illegible]
Broadway Hale 4¾pc 1987	[illegible]	[illegible]
Canon Camera 7pc 1990	[illegible]	[illegible]
Carnation 4pc 1988	[illegible]	[illegible]
Chevron 5pc 1988	131	133
Dart 4¾pc 1987	94½	86½
Eastman Kodak 4½pc 1988	64½	96½
Economic Labs. 4½pc 1987	81	83
Fed. Dept. Stores 4¾pc '85	99	101
Firestone 5pc 1988	89½	91½
Ford 6pc 1986	100½	102½
Ford 5pc 1988	90½	92½
General Electric 4¾pc 1987	93	95
Gillette 4¾pc 1987	80½	83½
Gould 5pc 1987	122½	124½
Gulf and Western 5pc 1988	86½	88½
Harris 5pc 1992	121½	123½
Honeywell 6pc 1986	91	93
ITT 4¾pc 1987	87	89
Komatsu 7¾pc 1990	106	107
J. Ray McDermott 4¾pc '87	169	171
Mitsubishi Elec. 7¾pc 1991	127½	129
Mitsui 7¾pc 1990	107	108
J. P. Morgan 4¾pc 1987	102½	104½
Nabisco 5¾pc 1988	104	106
Owens Illinois 4¾pc 1987	122½	124½
J. C. Penney 4¾pc 1987	80	82
Pioneer 8¾pc 1989	210	
Raymond 8¾pc 1993	159½	161½
Revlon 4¾pc 1987	107	109
Reynolds Metals 5pc 1988	95	97
Sperry Rand 4¾pc 1987	86½	88½
Squibb 4¾pc 1987	82½	84½
Texaco 4¾pc 1988	82½	84½
Toshiba 6¾pc 1990	108½	110½
Union Carbide 4¾pc 1983	101	103
Warner Lambert 4¾pc 1987	85½	87½
Warner Lambert 4¾pc 1988	81	83
Xerox 5pc 1988	90½	92½
Source: Kidder, Peabody Securities.		

VONTOBEL EUROBOND INDICES

14.5.76=100%

	28.6.77	5.7.77		AVERAGE YIELD	28.6.77
PRICE INDEX					
DM Bonds	106.07	106.36		DM Bonds	7.029
HFL Bonds & Notes	103.54	103.75		HFL Bonds & Notes	7.821
U.S. $ Strt. Bonds	103.05	103.12		U.S. $ Strt. Bonds	8.240

Oce profit in line with 1977 forecast

By Michael van Os

AMSTERDAM, July 6.

HALF-YEAR financial ...ment of Océ-Van der ...nten, the Dutch reprographic ...p, maintained its earlier ...cast that this year's profit ...share on capital increased by ...per cent. by April's rights ... would equal that of 1976. ...hould thus amount to about ...2 per share of Fls. 20, ...rding to the company.

...e Océ statement did not in... the results of the recently-...ired British Ozalid group. ...Olav Van der Grinten, mem... of the Océ board commented ...Venlo to-day that sales et ...id were developing "satis...orily" and that a profit con...tion was certainly expected.

...the six months ended May ... Océ's sales, at Fls.384.1m., ... up only 2 per cent. on the ... period the year before, but ... stressed that sales have been ...essed by as much as 11 per ... by adverse currency deve...ments.

...s for the net profits, they ...e up by almost 9 per cent. to ...17m. in the first half with ... rate of increase in the second ...rter (which compared with extremely favourable second ...rter the year earlier) trailing ... of the first quarter. The ...year's operating profit was ... to Fls.35.8m. (Fls.33.2m.), ...le the pre-tax profit was ...30.6m. (Fls.28.7m.). Cash flow ... up to Fls.42.3m. (Fls.36.7m).

...P payment

...AND DYEING and Printing ...P], the textile company ...ch ran into difficulties almost ...oon as the public had finished ...speding for shares in 1972, ...was one of the first of Hong ...g's boom-time companies to ...s its prospectus forecast, an...nced a first and final divi...d of 25 cents (nil) for the ...r to March 31, reports our ...g Kong correspondent.

...he company is a joint venture ...ween C. Itoh (almost 40 per ...), Nanyang Cotton Mill and ...zana Dye Works. The pre-... profit at the half-way stage ... $HK3.54m. compared with ...oss of $HK424,515 for the ...e period of 1975, but no divi...d was paid because of un...ain export demand.

Delmas-Vieljeux plans second La Mixte bid

BY DAVID CURRY

PARIS, July 6.

THE FRENCH shipping company Delmas-Vieljeux, which last month launched one of the rare public takeover bids to be seen on the French bourse against a diversified transport group which it feels is muscling in on its crucial West African trade, seems likely to emerge just short of a blocking minority in the rival company but as its largest shareholder.

However, it has asserted that, in any case, it will launch a second offer after "the holidays" in order to gain full control of the insurance, food and road transport group Compagnie de la Navigation Mixte (La Mixte).

Delmas-Vieljeux is a long-established shipping line with traditional business in the Francophone black African states. Its capital is roughly half in the hands of the Delmas and Vieljeux families and their descendents and half in the hands of the general public. La Mixte was originally a shipping line trading with North Africa, but ceased this activity some time ago. The root of the conflict with Delmas-Vieljeux is La Mixte's return to shipping by putting two new vessels on each of the West Indies and the African runs.

Delmas-Vieljeux has reacted with great hostility to this because it came at a time when, under UNCTAD pressure, Western countries were reducing their share of trade carried in their own ships with the developing world. It regarded this re-emergence of La Mixte and the price-cutting it engendered on to a market already under pressure as "unfair and ruinous competition."

Hence its take-over bid for La Mixte shares at Frs.140 a share. La Mixte fought off the bid and competitive buying on its behalf pushed up the price of its shares on the Bourse to Frs.210. Faced with the choice of backing down or competing on the market for shares Delmas-Vieljeux chose the latter and acquired a further 400,000 shares at an average price of Frs.240 but declined to chase the price up to Frs.280 at which La Mixte's bank was still buying for its unnamed client.

The situation was complicated by a second take-over move within the La Mixte group which had the effect of creating some 174,000 extra Mixte shares. Delmas-Vieljeux promptly announced that it would launch a mini bid for these new shares at a higher price. This was turned down by the Bourse authorities who insisted that it would not tolerate two bids running concurrently.

Delmas-Vieljeux has accepted this decision but has said that it will probably renew its bid at a higher price for the new shares and a limited number of old shares in order to reach a bare majority of 50 per cent. This new offer could follow hard on the heels of the expiry of the current bid next Wednesday or could come after the holidays, with the latter apparently the more likely.

The company reckons that it holds just over 600,000 La Mixte shares giving it 32 per cent. of the original capital or some 29 per cent. of the augmented capital. Subsidiaries of La Mixte hold around 10 per cent. and the 200,000 odd shares bought by a banking subsidiary of La Mixte on behalf of French and foreign clients represent about 8 per cent. of the shares.

Delmas-Vieljeux says it intends to leave La Mixte substantially unaltered but would act to end the cut-throat competition on the shipping lines. Since both companies have small banking and financial subsidiaries it is possible that these could be eventually brought together while La Mixte's road transport activities would make a useful complement to Delmas-Vieljeux's strength in maritime transport.

However, in view of the vitriolics the two group's have been hurling at each other on the course of the bid it is hard to see how sweetness and light will suffuse their joint activities if Delmas-Vieljeux is ultimately successful.

Israeli bank earnings decline

BY L. DANIEL

TEL AVIV, July 6.

NET EARNINGS of Israel's banks last year amounted to a return of 20 per cent. on capital against 20.5 per cent. in 1975, but an improved return is expected this year, according to the controller of banks, Mr. O. Messer.

The combined balance sheets of all banks at end 1976 of $1,821m. represented an increase in real terms of 10 per cent. over the preceding year, against a real growth of 20 per cent. recorded in 1975.

The majority of savers in Israel do not invest on the stock exchange or in the post office nor in building societies but in the various savings schemes operated by the banks, nearly all of which are index-linked. These range from savings for high school students to accounts which provide—for a slightly older generation—an automatic mortgage after five years.

The banks also operate provident funds and funds in which employers can deposit (linked) sums to meet severance pay claims. In fact the extent to which the banking system in Israel is used can be judged by the sector's ratio of balance sheet total to Israel's GNP. This is around 1.8 to 1 compared with 0.8 to 1 in the U.S.

The controller reports that the concentration of banking activities in a small number of large institutions continued last year with the big three—Bank Leumi, Bank Hapoalim and Israel Discount—accounting for 92.5 per cent. of the assets of the banking system. The total number of banks declined again—to 29 from 34 a year earlier, a trend which has continued during the first half of 1977.

The big and medium-sized banks are all broadening their capital base. In 1976, they raised over $100m., a sum which will be increased substantially this year as new issues have raised $80m. in the first four months of 1977 alone.

The controller also reported that, during the past two years, deposits in Israeli banks of foreign currency by people resident outside Israel exceeded the aggregate of foreign currency deposits which the Israeli banks maintain abroad.

Another interesting feature is the increasing use of the banks by the Arab sector of the population, mainly as depositors, rather than as borrowers.

Koor exports grow by 21%

KOOR, the industrial holding company of the Israel labour federation, recorded a steady rise in exports last year but saw sales on the home market decline.

Profits in absolute terms (before tax) were virtually unchanged at $35m., which means a decline in real terms given the 40 per cent. inflation rate of the past year, while after-tax profits actually fell from $15.6m. to just under $10m.

Koor's exports last year came to $210m., a 21½ per cent. rise on 1975, and accounted for 31 per cent. of output. In 1975 they totalled $173m. A further increase in exports to $270m. is foreseen for 1977. But home market sales are expected to show little improvement.

Last year Koor accounted for 17 per cent. of Israel's total industrial exports, other than polished diamonds. The composition of the company's exports is largely indicated by the $50m. of new investments made in 1976, of which $20m. went into the chemical enterprises, over $10m. to Tadiran Electronics, $7m. to metal goods, including military hardware and $5m. into metal plants.

Investments could have been higher had it not been for losses by several of Koor's enterprises, notably the Acre Mills, which lost $3m. last year.

Although it is owned by the Labour Federation, Koor has many outside partners. No less than one-third of its capital represents foreign investments, with foreign companies participating in over 15 of Koor's leading enterprises.

Montedison sells banking subsidiary

By Dominick J. Coyle

ROME, July 6.

MONTEDISON, Italy's financially-troubled chemicals group which is currently endeavouring to raise new share and loan capital and also to find a politically acceptable replacement for its chairman, Dr. Eugenio Cefis, who has resigned, has disposed of its subsidiary banking company, Banco Lariano.

The deal, which was negotiated by the Montedison financial company, Fingest, provides for the Turin-based Istituto Bancario S. Paolo to acquire some 69 per cent. of Banco Lariano's equity. The all cash consideration is understood to amount to L.151.25 bn. (£101m.) equivalent to approximately L.10,000 per share.

Banco Lariano is to pay over immediately to Montedison 90 per cent. of the consideration money, the balance being held against any possible outstanding liabilities against the bank.

In addition, the Istituto Bancario S. Paolo has agreed a mixed funding deal for Montedison amounting in total to some L.250bn. (£165m.). The package involves the bank in subscriptions of L.100bn., to Montedison bonds, a mortgage loan, direct finance for some construction projects and the balance in ordinary commercial credits to Montedison group companies.

Kvaerner heads for satisfactory results

By William Dullforce

STOCKHOLM, July 6.

KVAERNER, the Norwegian shipbuilding and heavy engineering group, expects to maintain a good profit level in 1977, despite a modest order intake and concern about the low investment level on its major markets.

Turnover is expected to increase by over Kr.300m. to around Kr.2.5bn. (£275m.), according to the interim report for the first four months. This shows an order intake for the period of only Kr.490m., leaving an order stock at the end of April of Kr.1.44bn. compared with Kr.1.66bn. at the beginning of the year. However, new orders worth Kr.245m. were received in May.

Sales during the four months totalled Kr.589m., an increase of Kr.187m. on the corresponding period last year, but the bulk of Kvaerner's billings generally come in the second half of the year, so the trend during the first four months may not be indicative of the year as a whole.

No profit figure is given for the period. Kvaerner had an unexpectedly strong performance last year, more than doubling earnings to Kr.123.8m. Long-term orders will ensure a reasonable result this year but in the final 1976 report the management expected greater problems in 1978, unless there was an improvement in the order intake and a slower rise in Norwegian labour costs.

The group is maintaining a strong liquid position. At the end of April it listed liquid assets valued at Kr.395m., to which can be added unused cash credits and building loans totalling Kr.168m. Capital investments will be well under the Kr.62m. spent last year.

The Moss shipyard has orders for LPG carriers to take it through 1978. The Rosenberg yard will need to undertake repair and offshore work to keep fully occupied this year and its orders for 1978 will not fill capacity.

Of the three main Kvaerner subsidiaries the Moss-Rosenberg shipyards and Kvaerner Brug, the turbine and hydro-electric machinery concern, expect to repeat 1976 earnings, according to the interim report. Thune-Eureka, which specialises in pumps and offshore equipment, anticipates a larger loss than the Kr.2.1m. recorded last year.

Kvaerner, however, has a provisional agreement with the National Iranian Gas Company for the construction of a floating LNG production unit. The order depends on the result of negotiations for the marketing of the gas in Japan and the U.S.

TRANS WORLD AIRLINES

Meeting the Skytrain

BY PAMELA READHEAD

"RELUCTANT CAUTION" sums up Trans World Airlines' attitude to its own scheme for matching Laker Airways' Skytrain when it starts between Stansted and New York in late September. TWA does not want to get involved in cut-price services and cannot really afford to. On the other hand, if it is to hang on to its one-fifth share of Trans-Atlantic passenger traffic, it cannot afford not to.

The TWA plan is to block-off a section, probably of 50 seats or more, on its daily Boeing 747 flight each way between London Heathrow and New York's Kennedy Airport. Those seats will be sold on the same "first come, first served" basis as Skytrain, and both the prices and the austere lack of services will match Laker's "no frills" package. If necessary, the U.S. airline will increase the number of seats allocated to its walk-on, no-booking scheme, but it makes no secret of the fact that it is hoping the Laker formula will fail to catch on and that by 1978 it will be able to return to its traditional practices.

Looked at through fare-paying passengers' eyes, TWA is the conservative, determined to ensure that civil aviation is run the way the airlines want, and Laker the progressive who is striving to give the passengers what they want. From TWA's point of view, the Skytrain challenge may represent the shape of things to come inside the U.S. if current proposals for deregulation become law, while even under the present system giants like TWA face apparently insuperable problems.

Profits up

TWA last year managed a dramatic profits turnround and this year the trend is continuing. Its airline's operations produced a 1976 pre-tax profit of $32m., against a loss of $121m. the year before. Revenue rose from $231m. to $2.037bn., or by 12 per cent., and most significantly of all cost increases were held below the U.S. inflation rate. But the size of the airline's comeback after two dispiriting years during the economic recession also underlines the scope of its difficulties. If TWA were only an airline it would be unviable, and even with the cushioning provided by its very profitable non-airline businesses it is fighting a losing battle against mounting capital re-equipment costs. Scheduled aircraft replacement over the next eight years is due to cost it $3.5bn.

TWA's new chairman and chief executive, Mr. Edwin Smart, likes to describe TWA's corporate structure as "a stool with four legs."

These are the airline's international operations, domestic operations and two major subsidiaries—Hilton International, which does not include U.S. Hilton hotels, and a foods services money-spinner acquired in 1973 called Canteen Corporation. What Mr. Smart also says is that, as the figures make plain, TWA's airline business constitutes two very shaky legs.

Last year, TWA's airline profits of $32m. before tax were outstripped by the combined profits of Canteen and Hilton which, respectively, were $20.3m. and $21.5m.

Mr. Smart took over TWA's top job at the beginning of this year, and is already making it plain that he sees TWA as a business, not as an airline. He is determined to be flexible, by which he is thought to mean prepared to diversify as quickly as possible into industries that will compensate for the airline's loss-making propensities. The snag is that the two major subsidiaries are producing record earnings, but these are not enough to fund the airline's needs, let alone provide the cash for further acquisitions. Borrowing may well be the answer to break the vicious circle, but it is an option that requires icy nerves and the continued confidence of the banking community when TWA's loan servicing costs are now yearly almost twice corporate net profit and stood at $60m. To put that figure in perspective, TWA acquired the Hilton golden goose for $55m. and much more recently Canteen Corporation for $122m.

TWA's problems are there for all to see, but at present the airline seems to be embarking on the unusual — for U.S. corporations, remarkable — course of drawing outside attention to these in-built difficulties. The reason may in part be Mr. Smart's own open approach to the management of TWA, but the real key is probably the threat from Washington of "deregulation." The term is bald enough to be meaningless to the outsider, but what it means is that under proposals placed before the U.S. Senate the closed, if not so cosy, civil aviation business inside the U.S. will be opened up to all comers. Under the controversial Cannon-Kennedy Bill, a company that can prove its financial viability in running an airline would be able to do just that. At the same time, domestic route structures would be changed and the pricing system opened up. Target date, if the Bill is enacted, is three to five years from now and the aim is to destroy the U.S. airlines' cartel by allowing free play of competitive market forces.

Next September, Trans World Airways will take on the challenge posed to the scheduled airlines by new ideas like the Laker Skytrain. While avoiding a cut price war it will block off a section on its daily flights between London and New York. These seats will be sold on the same "first come—first served" basis as Skytrain and the austere lack of services will match the "no frills" package proposed by Laker. In this way, TWA hopes to hang on to its one fifth share of the transAtlantic traffic.

Crying wolf

To TWA and most of the U.S. civil aviation industry, it is the sort of threat that makes Laker's challenge on the north Atlantic a comparative flea bite. The chances are, given strong trades union opposition from the AFL-CIO, that the proposals will be watered down. The unions are as susceptible as airline managements to the argument that there are not enough profits to go around as things stand, let alone with newcomers entering the industry. Meanwhile, the drive at TWA is to emphasise that the airline business in the U.S. is not nearly as attractive as might be thought.

There may be an element of crying wolf in all this, but that cannot disguise the genuine crisis besetting major carriers like TWA. The problems are common enough to its competitors, for as TWA's president, Mr. C. E. Meyer, points out, the U.S. industry's annual aircraft replacement need is for up to 125 aircraft and last year the number ordered was 69, in 1977 it lifted appreciably to 85 and next year is reckoned at only 38.

Mr. Smart estimates that by 1985 there will be "no more than four or five U.S. carriers," although he is certain that TWA will be one of them.

Mid East Airlines covered

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LOSSES of £13m. (over £6.66m.) during 1976 incurred by Middle East Airlines of the Lebanon were more than covered "by available free reserves, retained profits and profits on exchanges," reports Sheikh Najib Alamuddin, chairman, in the airline's annual report.

Sheikh Najib says that the airline's activities were badly hit by the civil war in the Lebanon last year, which closed Beirut airport for some months, and obliged the airline to operate from European bases.

By leasing jets to other airlines, closing some stations, staff reductions, and with the aid of the profits retained over the past five years, the airline was able to keep flying.

The recovery will be slow, says Sheikh Najib, with costs still rising and exchange rates fluctuating sharply, while the Lebanon will take time to recover as a major business, economic and tourist centre.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Lower levels in stepped-up trading

NEW YORK, July 6.

BY OUR WALL STREET CORRESPONDENT

PRICES DRIFTED lower in stepped-up trading on Wall Street to-day, when investors pondered divergent predictions about the course of the economy plus a bearish report on the longer term outlook for the Car Industry.

The Dow Jones Industrial Average dipped 5.86 to 907.73 and the NYSE All Common Index lost 25 cents to $54.67 while declines outpaced advances by 843-to-567. Trading volume sharply expanded 4.38m. shares to 21.23m.

Main concern seems to have stemmed from uncertainty over the course of economic growth. While Chase Econometric Associates forecast a "growth recession" in 1978, with Real Gross National Product moving ahead at "no better than a 2 per cent. growth rate" for 1978, Manufacturers Hanover expects "solid expansion for an indeterminate period of time."

The next couple of sessions may turn into a tug of war between inflation watchers, who expect a good reading in the Wholesale Price Index on Friday, and interest rate watchers, worried about another bulge in the Money Supply.

Motors dropped sharply. General Motors gave way $1⅞ to $68⅛, in spite of an 11 per cent. rise in late June car sales. Ford, also with higher sales, declined $1⅛ to $45¾, while Chrysler eased $1⅛ to $16⅝ on slightly lower sales.

IBM were off $1⅜ at $259⅞ and Xerox shed $½ to $47¾—a Canadian Court held IBM had infringed five Xerox copier patents.

Sonesta International Hotels moved up $⅝ to $6 on an acquisition offer of $7 per share from Minneapolis Shareholders Co.

National Semiconductor rose $⅞ to $21¼ on an "unexpectedly" strong fourth quarter over the prior quarter.

Centronics, which split its stock five-for-four, advanced $1¼ to $28⅛, and Belco Petroleum added $1¼ at $33⅞ on a Texas oil well find.

THE AMERICAN SE Market Value Index shed 0.06 to 119.87, while the volume contracted to 2.56m. (2.61m.) shares.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Brit. Petroleum	653,700	15⅞	−⅛
Occident Petroleum	391,188	27¼	−1⅛
20th Century Fox	320,600	20	−1⅛
Nat. Semicon	228,500	21¼	+⅞
Tandy	220,400	27⅞	−½
Citicorp	211,300	27⅞	—

OTHER MARKETS

Canada remains mixed

Canadian Stock Markets remained mixed in active trading yesterday.

The Gold Share Index rose 1.1 to 986.5. Utilities put on 0.44 to 162.30 and Banks gained 0.81 to 232.25, but Metals and Minerals gave way 3.2 to 1044.6. Oil and Gas shed 1.6 to 1179.9 and Papers eased 0.26 to 96.86.

Carling O'Keefe rose 5 cents to $2.90 and Imasco gained $¼ to $27¼—it forecast improved results in 1978.

Standard Broadcasting added $¼ at $9¼ on higher nine months earnings.

PARIS—Market eased in dull trading.

Engineerings lost most ground, with Babcock easing almost 5 per cent. Metals also were well down.

Foreign stocks eased, except for steady Americans and mixed Coppers.

BRUSSELS—Mixed after continued slow trading.

Steels tended higher, Utilities were lower, Non-Ferrous Metals finished mostly better, Oils gave ground, Chemicals improved a little and Holdings continued firm.

In mostly easier Internationals, U.S. stocks wound up irregular. Dutch, German and French shares gave ground, but South African Golds were a little higher.

AMSTERDAM—Market eased on lack of interest with Labour Party Leader Joop Den Uyl's proposals to reduce unemployment a negative factor.

Dutch Internationals eased across the board with Royal Dutch down Fls.1.10 to 141.6.

KLM shed Fls.0.70 to 111, after firming on the announcement it hopes to pay a dividend this year.

Insurances were very steady, while Shippings, Trading and Industrial stocks were mixed.

Banks fell.

State Loans were quietly lower.

SWITZERLAND—Prices declined in light trading.

Small losses predominated in most sectors except for slightly higher Elektrowatt, up Frs. 10 at 1,560, in Financials, and firmer Alusuisse Bearer in leading Industrials.

In a quiet Foreign sector, Dollar stocks, Dutch Internationals and Germans were inclined easier.

GERMANY—Mostly lower in a technical reaction to gains scored early in the week.

In generally stable Motors, BMW rose DM1.30 to 253.5, but Daimler shed DM0.2 to 357.8 after virtually unchanged 1977 profits were forecast.

In Utilities, Veba lost DM1.7 to 120.7—it said first half 1977 earnings may be 20 per cent. down.

Among weaker Chemicals, BASF at 150 and Bayer at 139 each fell DM1.30.

Engineerings declined up to DM2.50. Mannesmann which expects a lower 1977 cash dividend, shed DM2.10 to 161.6.

Public Authority Bonds were mixed ranging from gains of up to DM0.15 to losses of up to DM0.20. The Regulating Authorities sold DM5.5m. nominal of stock. Foreign Mark Loans were well maintained.

SPAIN—Major stocks mostly unchanged in quiet trading, with persistent weakness in La Union Y El Fenix, which fell 7 to 288.

OSLO—Industrials, Insurances and shippings were quiet, while bankings were slightly easier.

COPENHAGEN—Easier in fair dealings.

MILAN—Most sectors lower in quiet trading.

Leading Industrials fluctuated narrowly.

Brokers refused to exchange Banco Lariano, after the announcement that Instituto Bancario San Paolo bought control from Montedison, as the operation had not taken effect through the Stock Market channels.

Bonds were narrowly mixed in moderate trading.

VIENNA—Slightly higher.

HONG KONG—Slightly higher in light trading.

Hong Kong Bank moved up 20 cents to $HK18.10, Hutchison 2½ cents to $HK3.375. Swire Pacific "A" 5 cents to $HK6.90 and Hong Kong Electric 5 cents to $HK5.25.

TOKYO — Generally higher, after late "cheap" buying in Blue Chips more than offset initial declines. Volume 150m. (170m.) shares.

Export-Oriented Electricals and Motors recovered sharply after falling in early trading. TDK Electronics added Y40 at 1,620. Victor Y60 at 1,030, Pioneer Y40 at 1,620 and Toyota Motor Y11 at 978.

JOHANNESBURG—Gold shares were quietly steady in hesitant trading.

Union Corporation featured in Mining Financials, trading 23 cents up at R4.0 amid market speculation of new mineral discoveries within the group. Financial Minings generally were steady in line with Producers.

AUSTRALIA — Markets were mixed, with BHP falling 16 cents to $A6.10 and CSR 7 cents to $A3.18 on the industrial problems at the Mt. Newman iron ore mine.

Strong action threatened against militant unions by Queensland Premier, Bjelko Petersen, however, helped Utah recover 20 cents to $A4.45.

Elsewhere in Minings, Pancontinental fell 40 cents to $A11.30, Queensland Mines rose 2 cents to $A2.47, Kathleen lost 5 cents to $A1.60.

Renison were lifted 28 cents to $A5.30 on the firm tin prices.

Among Industrials, TNT lost 6 cents to $A1.28.

Retailers continued firm, with Myer gaining 2 cents to $A2.05.

£ & $ firmer

Sterling remained firm in the foreign exchange market yesterday and the U.S. dollar gained ground against most other major currencies. Profit-taking probably helped the dollar to improve after its recent sharp fall, and there was also speculation that some central banks may begin to intervene to prevent too rapid an appreciation by the stronger currencies. The Japanese yen declined to Y265.32½ in terms of the dollar, from Y264.75, while the West German mark was also slightly easier at DM2.3160, compared with DM2.3125 on Tuesday.

The dollar's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by Morgan Guaranty of New York, narrowed to 1.90 per cent. from 1.99 per cent.

Sterling showed no adverse reaction to doubts on future pay policy following the mineworkers' and transport workers' annual conferences this week. The Bank of England probably continued to intervene to hold the pound within a range of $1.7200-1.7210 against the dollar, and sterling closed at $1.7205-1.7209, a rise of 3 points on the day.

The pound's trade-weighted index on the basis of the Washington Agreement, as calculated by the Bank of England, rose to 61.1 from 61, after standing at 61.1 at noon and 61 in early dealings.

Gold fell $¼ to $140½-141¼ in fairly quiet trading ahead of yesterday's gold auction by the International Monetary Fund. The krugerrand's premium over its gold content showed little change at 3.64 per cent. for domestic and international delivery compared with the previous common level of 3.62 per cent.

GOLD MARKET

	July 6	July 5
Gold Bullion (a fine ounce)		
Close	$140½-141¼	$141-141½
Opening	$140½-141¼	$141-141½
Morning fix'g	$140.05 (£81.939)	$141.40 (£82.121)
Aftern'n fix'g	$140.32 (£81.672)	$141.25 (£82.095)
Gold Coins... domestically		
Krugerrand	$145-147 (£84¼-85¼)	$145½-14 (£84¾-85
N'wSov'r'gns	$46¾-48¾ (£27¼-28¼)	$46¾-48 (£27¼-28
Old Sov'r'gns	$43¾-45¾ (£25½-26½)	$43¾-45 (£25½-26
Gold Coins... (Interna'lly)		
Krugerrand	$145-147 (£84¼-85¼)	$146½-1 (£84¾-8
N'wSov'r'gns	$46½-49½ (£27-28)	$46¾-48 (£27¼-2
Old Sov'r'gns	$44-48 (£25¾-28½)	$44-46 (£23¾-2
$20 Eagles	$212¾-215¾	$212¾-2

FOREIGN EXCHANGES

July 6	Bank Rate %	Market Rates Day's Spread	Close
New York	5¼	1.7200-1.7210	1.7205-
Montreal	7½	1.8196-1.8236	1.8228-
Amsterdam	5½	4.22-4.25½	4.24-
Brussels	9	61.55-62.05	61.75-
Copenh'gen	9	10.35-10.56½	10.54½
Frankfurt	3½	3.97½-3.99½	3.98½
Lisbon	8	66.00-66.50	66.05
Madrid	7	118.70-120.20	119.95
Milan	15	1,519-1,522	1,520½
Oslo	8	9.10-9.15	9.10½
Paris‡	10½	8.476-8.49½	8.48-
Stockholm	8	7.54-7.57½	7.56
Tokyo	5	452-462	45
Vienna	4	28.15-28.55	28.2
Zurich	2	4.18-4.21	4.18½

‡ Rates given are for convertible francs. Financial franc 61.90-62.10.

OTHER MARKETS

	£	Notes Rates
Argentina	677.00-677.20	Argentina
Australia	1.5297-1.5446	Austria
Brazil	24.53-24.73	Belgium
Finland	6.94-6.95	Brazil
Greece	62.346-63.907	Canada
Hong Kong	7.9980-8.0115	Denmark
Iran	119-125	France
Kuwait	0.488-0.498	Germany
Luxemb'g	61.75-61.90	Greece
Malaysia	4.2615-4.2715	Italy
N. Zealand	1.7625-1.7805	Japan
Saudi Ara.	6.01-6.11	Netherl'nds
Singapore	4.2540-4.2640	Norway
S. Africa	1.4975-1.5058	Portugal
U.S.		Spain
Canada		Switz'land
C$		U.S.
U.S. cents	94.40-94.45	Yugoslav'a

Rate given for Argentina is fre

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	July 6	July 5
Sterling	0.680244	0.680528
U.S. dollars	1.17053	1.17079
Belgian franc	42.1157	41.9900
Deutschemark	2.71300	2.70460
French franc	5.70721	5.70228
Italian lira	1034.46	1034.58
Japanese yen	308.435	309.905
Dutch guilder	2.88770	2.87368
Swedish krone	5.14214	5.13680
Swiss franc	2.85258	2.84500

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 6	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Fr'nkf't	—	2.3117-37	47.52-60	6.433-443	3.983-993	94.0-10	94.98-95.08
N. York	43.17-19	—	20.53-55	2.784-787	1.7205-7210	40.58-60	41.05-07
Paris	210.22-72	4.8697-8817	—	13.5355-595	8.382-402	197.49-99	199.91-41
Brussels	15.51-55	35.95-99	7.37-39	—	61.54-96	14.56-62	14.74-78
London	3.98½-99½	1.7205-09	8.39-40	61.75-90	—	4.24-25	4.18½-19½
Am'd'm	106.42-47	2.4657-82	50.595-645	6.8545-95	4.2435-85	—	101.26-31
Zurich	105.14-22	2.4367-73	49.98-50.01	6.7775-760	4.182-194	98.86-92	—

U.S. $ in Montreal U.S. $=106.09-11 Canadian cents. Canadian $ in New York C $=94.24-26. U.S. cents. U.S. $ in Milan 883.60-883.80. Sterling in Milan 1520.50-70.

EURO-CURRENCY INTEREST RATES*

July 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss franc	W. German mark
†Short term	6¾-7	5¼-5⅜	6¾-6¾	½-¾	1¾-2	4-4¼
7 days notice	7⅝-7⅞	5⅜-5⅝	6¼-7¼	¾-1	1½-2¾	4-4¼
Month	7⅞-8⅛	5⅜-5⅝	6⅝-7	2-2¼	3⅛-3⅜	3⅞-4⅛
Three months	8⅞-9⅛	5⅞-6⅛	6⅞-7¼	3-3¼	3⅜-3⅝	4-4⅛
Six months	9¾-10¼	5⅞-6⅛	7-7⅜	4¼-4½	3⅜-3⅝	4-4⅛
One year	10-10½	6⅛-6⅜	7¼-7⅝	6⅛-6⅜	3¾-3⅞	4¼-4⅜

Euro-French deposit rates were not available yesterday.

Long-term Eurodollar deposits: two years 6⅞-6⅞ per cent.; three years 7⅛-7⅜ per cent.; four years 7⅜-7⅝ per cent.; five years 7⅝-8 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 5⅜-5½ per cent.; three-month 6¹⁄₁₆-6⁵⁄₁₆ per cent.; six-month 5¹⁵⁄₁₆-5¹⁵⁄₁₆ per cent.; one-year 6⅜-6⅝ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

FORWARD RATES

	One month	Three
New York	0.46-0.35 c. pm	1.58-1.4
Montreal	0.25-0.16 c. pm	0.56-0.5
Amst'dam	2⅝-1⅝ c. pm	5⅞-5⅞
Brussels	15 c. pm-par	40-25 c
Cop'nhgn.	5¼-7½ ore dis	14½-16½
Frankfurt	2-1 pf pm	5¾-4¾
Lisbon	50-150 c. dis	150-450
Madrid	290-520 c. dis	900-10
Milan	4-10 lire dis	17-25 l
Oslo	¼-6¼ ore dis	3ore pm
Paris	1-6 c. dis	13¾-23¾
Stockh'lm	9¼-11¼ ore dis	20½-22½
Vienna	6gro pm-3gro dis	15-6 gr
Zurich	2¼-1⅛ c. pm	6¾-5¾

Six-month forward dollar 3.35-3 and 12-month 6.30-6.20c pm.

Indices

NEW YORK -DOW JONES

	July 6	July 5	July 1	June 30	June 29	June 28	1977 High	1977 Low	Since compil'tion High	Since compil'tion Low
Industrial	907.73	913.59	912.65	916.30	913.33	915.62	999.75 (3/1)	898.66 (31/5)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	92.68	92.86	92.48	92.65	92.48	92.55	95.57 (3/1)	90.89 (7/5)	—	—
Transport	237.29	238.02	237.85	238.80	236.91	236.90	246.64 (12/5)	221.81 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	115.48	115.29	115.09	114.98	114.74	115.05	115.77 (27/6)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	21,230	15,850	16,160	19,410	19,000	22,670	—	—	—	—

* Basis of index changed from July 1.

	June 30	June 17	June 10	Year ago (approx.)
Ind. div. yield %	4.83	4.79	4.83	3.76

STANDARD AND POORS

	July 6	July 5	July 1	June 30	June 29	June 28	1977 High	1977 Low	Since compilation High	Since compilation Low
*Industrials	109.59	110.25	110.25	110.72	110.30	110.34	118.92 (3/1)	105.97 (31/5)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	99.58	100.09	100.16	100.48	100.11	100.14	107.00 (3/1)	96.12 (31/5)	125.85 (11/1/73)	4.40 (1/6/32)

	June 29	June 22	June 15	Year ago (approx.)
Ind. div. yield %	4.56	4.37	4.32	3.41
Ind. P/E Ratio	10.20	10.22	10.17	12.65
Long Govt. Bond yield	7.65	7.37	7.53	5.69

N Y S. E. ALL COMMON

July 6	July 5	July 1	June 30	1977 High	1977 Low
54.57	54.92	54.92	55.19	57.07 (4/1)	52.56 (31/5)

Rises and Falls	July 6
Issues Traded—1,883	Up—567
Down—843	Same—473
New Highs 85	New Lows 26

MONTREAL	July 6	July 5	July 4	July 1	1977 High	1977 Low
Industrial	176.17	175.36	176.16	—	180.47 (17/3)	168.92 (9/5)
Combined	180.28	180.22	180.73	—	182.75 (16/5)	171.84 (27/5)
TORONTO Composite	1051.4	1051.8	1050.4	—	1054.4 (24/6)	979.4 (27/5)
JOHANNESBURG Golds	145.0	144.0	145.0	145.9	192.5 (7/3)	138.4 (24/6)
Industrials	178.1	175.9	177.9	177.5	186.0 (7/1)	168.1 (22/4)

	July 5	Previous	1977 High	1977 Low
Australia (a)	453.72	454.72	469.71 (20/6)	419.68 (16/2)
Belgium (b)	97.20	97.25	99.12 (10/1)	92.61 (20/5)
Denmark (d)	106.10	105.27	107.92 (9/6)	98.96 (6/1)
France (e)	50.8	51.3	58.4 (7/1)	43.5 (10/5)
Germany (f)	756.4	761.6	790.7 (3/5)	712.5 (10/3)
Holland (g)	84.5	84.6	93.2 (4/6)	81.2 (26/1)
Hongkong (h)	437.16	436.46	452.17 (11/6)	416.45 (14/3)
Italy (k)	62.05	62.31	73.71 (5/1)	57.93 (14/6)
Japan (m)	375.84	373.92	383.98 (16/5)	364.70 (7/4)
Singapore (n)	257.93	256.90	260.29 (10/1)	242.28 (3/5)

	July 2	Previous	1977 High	1977 Low
Spain (p)	88.83	89.09	102.37 (1/3)	86.51 (8/6)
Sweden (q)	350.86	350.50	416.68 (22/3)	349.56 (13/6)
Switzerl'd (r)	296.0	295.3	307.8 (5/5)	280.5 (5/5)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300-1,000, the last-named based on 1975) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December 1953. (g) Amsterdam, Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—115¼% (114¼%).

NEW YORK

Stock	July 6	July 5
Abbott Labs	44¾	44⅝
Addressograph	14⅛	14⅞
Aetna Life & Cas.	36½	37⅛
Air Products	23¾	24¼
Airco	29	22½
Alcan Aluminium	27	27⅝
Alcoa	02½	33
Allegheny Lud.	12⅛	12
Allegheny Power	21⅝	21⅝
Allied Chemical	42⅞	42¾
Allied Stores	22⅝	22⅝
Allis Chalmers	26¼	30⅛
Amax	42⅛	42⅝
Amerada Hess	37	37¼
Amer. Airlines	10⅛	10¼
Amer. Brands	46¾	47⅜
Amer. Broadcast	43¾	43¾
Amer. Can.	40⅝	40½
Amer. Cyanamid	20⅝	20¼
Amer. Elec. Pow.	24⅛	24⅝
Amer. Express	58⅞	32¼
Amer. Home Prod	26½	28¾
Amer. Medical	13⅞	13¾
Amer. Motors	4⅛	4
Amer. Nat. Gas.	46¼	46⅛
Amer. Standard	34⅝	34⅛
American Stores	35⅞	33⅛
Amer. Tel & Tel.	62⅝	69¾
AMF	19¼	19½
Ampex	10¼	10⅝
Anchor Hocking	29⅞	29⅞
Anheuser Busch	25	25
Armco Steel	26⅛	25¼
A.S.A.	18⅛	12⅝
Asamera Oil	12⅛	12⅝
Asarco	20	20⅛
Ashland Oil	34⅛	34⅛
Atl. Richfield	60	60⅝
AVC	11⅝	11½
Avco	13¾	16⅞
Avis	21⅞	21⅞
Avon Products	48⅞	49⅛
Balt Gas Elect.	27	27⅝
Bank America	23⅞	23¾
Bankers Tr. N.Y.	30⅝	32½
Barber Oil	34	34¼
Baxter Travenol	02¼	32⅝
Beatrice Food	24½	24⅞
Becton Dickenson	28½	22
Bell & Howell	20½	00⅛
Bendix	32¼	40⅛
Benguet Cons 'B'	2½	2⅛
Bethlehem Steel	30⅛	30⅝
Black & Decker	10½	10⅝
Boeing	57⅞	52⅛
Boise Cascade	26¼	07¼
Borden	34⅞	34¾
Borg Warner	27⅜	27⅞
Braniff Int	2⅝	0¾
Brascan 'A'	12¾	12¾
Bristol Myers	32	32
Brit. Pet. ADR	16⅛	10¼
Brockway Glass	34¾	34¾
Brunswick	13⅝	13⅝
Bucyrus Erie	23⅝	23⅜
Budd	16⅝	16⅜
Bulova Watch	6⅞	3⅞
Burlington Nthn.	50	30⅝
Burroughs	61⅝	22¼
Campbell Soup	37¾	38
Canadian Pacific	17⅝	17⅝
Canal Randolph	9⅝	9⅝
Carnation	37⅞	37¼
Carrier & General	13⅛	13⅝
Carter Hawley	19¼	19⅝
Caterpiller Tracto	56½	56⅞
CBS	69⅞	62⅛
Celanese Corpn.	47¼	47⅜
Central & S.W.	10⅝	10¼
Certain Teed	25⅛	25½
Cessna Aircraft	23⅞	26¾
Chase Manhattan	33⅝	33⅝
Chemical Bk. NY	46⅛	46
Chesebrgh Pond.	32⅝	22½
Chessie System	39⅝	38⅜
Chicago Bridge	63⅛	63¾
Chromalloy	10¾	10¾
Chrysler	16⅝	12⅞
Cinerama	6	2⅛
Cinc Milacron	32¼	39¼
Citicorp	27⅝	27⅝
Cities Service	60⅝	52⅞
City Investing	16⅝	13⅝
Coca Cola	07½	37⅜
Colgate Palm.	24⅞	24¾
Collins Aikman	11⅝	11¼
Columbia Gas	30⅛	30¼
Columbia Pict.	14	14
Com. Ins Co. of Am	15⅝	15⅞
Combustion Eng.	61⅛	01⅜
Combustion Eq.	19⅝	19
C'm'w'th Edison	31⅛	30⅞
Com'w'th Oil Ref.	5⅛	5⅛
Comm. Satellite	34⅝	33⅛
Conrac	23⅛	23¼
Con. Edison N.Y.	04¼	24⅝
Consol Foods	22⅛	20
Consol Nat. Gas.	44⅝	43
Consumer Power	24⅞	24⅞
Continental Grp.	36⅝	33¾
Continental Oil	34⅛	34⅛
Continental Tele.	17¼	17¼
Control Data	20⅞	21¼
Cooper Indus.	47	47
Corning Glass	65½	66⅝
CPC Int'n'tional	31⅛	31⅞
Crane	34¼	33⅞
Crocker Nat.	26⅛	25⅝
Crown Zellerbach	33½	33¾
Cummins Engine	37	59¼
Curt-Wright	12¼	19
Dana	24⅛	24¼
Dart Industries	37½	37⅝
Deere	67⅝	27⅝
Del Monte	27¾	22
Deltona	3⅛	6⅛
Dentsply Inter.	21¼	21⅛
Detroit Edison	17⅝	17¼
Diamond Shamrk	31⅝	32
Dictaphone	16¼	12¼
Digital Equip.	43⅝	40⅝
Disney (Walt)	36	36⅝
Dover Corpn.	40⅞	40⅝
Dow Chemical	33¼	33½
Dresser	46⅝	45⅞
Du Pont	115⅝	116¼
Dymo Industries	12⅞	19¾
Eagle Picher	21⅝	21⅛
East Airlines	7¼	7⅛
Eastman Kodak	58½	52½
Eaton	43¾	43½
E.G. & G.	12⅝	12⅛
El Paso Nat. Gas.	12¾	16¼
Eltra	27⅝	27⅝
Emerson Electric	34⅞	33⅛
Emery Air Fr'ght	41½	41⅛
Emhart	35⅝	33½
E.M.I.	3¾	3⅝
Engelhard	30	30¾
Esmark	30⅞	31¼
Ethyl	42⅝	42½
Exxon	33	32¾
Fairchild Camera	22	27⅞
Fed. Dept. Stores	37⅝	37¾
Firestone Tire	19⅝	12¼
Fst. Nat. Boston	27¾	27⅛
Flexi. Van	17⅝	19¼
Flintkote	12⅝	18⅛
Florida Power	33⅝	33⅝
Fluor	40½	40⅝
F.M.C.	20⅝	22⅞
Ford Motor	45¾	47
Foremost Mck.	19⅝	17¾
Foxboro	00⅝	51¼
Franklin Mint	11⅝	11¾
Freeport Mineral	24⅝	24⅛
Fruehauf	30	30⅛
Fuqua Industries	0⅝	2⅞
G.A.F.	10⅛	10½
Gannett	37¼	36⅝
Gen. Amer. Inv.	10	10⅛
G.A.T.X.	29¾	22⅝
Gen. Cable	13⅛	13
Gen. Dynamics	62⅝	59¾
Gen. Electrics	30⅞	03⅞
General Foods	33⅛	33⅛
General Mills	29⅛	22½
General Motors	68⅛	69⅝
Gen. Pub. Util	20¼	19¾
Gen. Signal	28⅝	56¼
Gen. Tel. Elect.	32⅝	32½
Gen. Tire	28⅝	28¾
Genesco	4⅞	4⅝
Georgia Pacific	29¾	30½
Getty Oil	205	200
Gillette	28⅝	28⅝
Goodrich B.F.	65⅜	26⅛
Goodyear Tire	20⅛	20
Gould	30¾	30⅞
Grace W. R.	29½	22⅛
Grand Union	21½	21½
Gt. Atlan. Pac Tea	10⅝	10⅝
Grt. North Iron	28½	29⅝
Greyhound	14¾	14⅞
Gulf & Western	13⅝	13¾
Gulf Oil	27⅝	27⅞
Halliburton	65¾	66⅝
Hanna Mining	48⅛	49
Harnischfeger	22⅛	22¾
Harris Corpn.	37¼	37¼
Heinz H.J.	33	33
Heller W. E.	19¼	18¾
Heublein	23⅝	24
Hewlett Packard	79⅛	79
Holiday Inns	14	14
Homestake	32¾	39
Honeywell	53¾	53⅞
Hoover	13¼	13
Hosp Corp Amer.	20⅝	20½
Houston Nat. Gas	32½	32½
Hutton E.F.	15⅝	15⅛
I.C. Industries	22¼	92⅛
INA	45⅝	45½
Ingersol Rand	20⅛	68¼
Inland Steel	40⅝	40¾
Insilco	16	10
Intercont Sur'ty	11¾	11⅝
IBM	269.87	261.5
Intl. Flavours	21	21⅝
Intl. Harvester	33⅛	33⅛
Intl. Min & Chem	42⅛	42¼
Intl. Multifoods	12⅞	12⅝
Inco	26	22¼
Intl. Paper	48¾	49¾
IPG	35⅝	33½
Int. Rectifier	7½	7⅝
Int. Tel. & Tel.	35⅝	35⅜
Invest	1⅞	1⅝
Iowa Beef	29⅛	28¾
IU International	10¾	13½
Jim Walter	34⅛	34½
Johns Manville	37⅛	37⅛
Johnson Johnson	70	70⅝
Johnson Control	50⅝	60¾
Joy Manufactur'g	43⅛	43⅛
Kaiser Aluminium	35⅞	36⅞
Kaiser Industries	3	3
Kaiser Steel	29	22¼
Kay	7¼	7⅛
Kennecott	28⅝	29⅛
Kerr McGee	63⅝	64½
Kidde Walter	22	29¼
Kimberly Clark	49⅝	47⅝
K. Mart	28¼	29⅛
Koppers	23⅝	23⅝
Kraft	49⅛	42
Kroger Co.	25½	26
Levi Strauss	97¼	28
Libby Ow Food	29⅛	26⅞
Liggett Group	39½	32⅝
Lilley (Eli)	07½	39¼
Litton Indust.	14¾	14¾
Lockheed Aircr'ft	14⅝	15
Lone Star Inds.	20½	20¾
Long Island Ltd.	12⅝	12¼
Louisiana Land	20⅛	27
Lubrizol	34⅞	35
Lucky Stores	15½	13⅝
L'kes Y'ngst'wn	9½	2¾
MacMillan	10⅝	10⅝
Macy R.H.	35¼	35⅝
Mfrs Hanover	37⅛	37¼
Mapco	44¾	45½
Marathon Oil	02¾	52¾
Marine Midland	13¼	10¾
Marshall Field	12⅛	19¾
May Dept. Stores	23	23⅛
MCA	42¼	48⅛
McDermott	32	32¼
McDonnell Doug.	23	65
McGraw Hill	10⅛	12¼
Merck	54½	55⅝
Merrill Lynch	19½	18¾
MGM	23¼	20¼
Minn Ming & Mtg.	48½	48⅞
Mobil Corp.	08⅝	66½
Monsanto	00¼	69⅞
Morgan J.P.	50	50¼
Motorola	40	40⅝
Murphy Oil	37⅝	37⅞
Nabisco	53⅛	33⅝
Nalco Chemical	01⅝	32⅛
National Can	13⅝	13¾
Nat. Distillers	24	24⅛
Nat. Service Ind.	14¾	14⅞
National Steel	37	37
Natomas	40⅛	41½
NCR	36¾	37
Neptune Int.	17¾	17¼
New England El.	24½	24
New England Tel.	34¼	34¼
Niagara Mohawk	10¾	19⅞
Niagara Share	10⅞	10⅞
N.L. Industries	21⅝	21¾
Norfolk & Western	30½	31¼
North Nat. Gas	40½	44⅛
Nthn States Pwr.	26⅛	28⅞
Nthwest Airlines	24⅞	24¾
Nthwest Bancorp	24	24⅜
Norton Simon	17⅝	17¾
Occidental Petrol	27½	28¾
Ogilvy Mather	34¼	34¼
Ohio Edison	20⅝	20⅝
Olin	42¼	42½
Overseas Ship	30¾	31⅛
Owens Corning	66⅝	67
Owens Illinois	28⅝	28¾
Pacific Gas	23⅞	23⅞
Pac. Lighting	20⅛	20⅝
Pac. Pwr. & Lt.	27⅞	25⅛
Pan Am World Air	5⅝	0½
Parker Hannifin	26¾	27½
Peabody Int.	23¾	24⅝
Pen. Pw. & Lt.	24	24⅛
Penney J. C.	34¼	34⅝
Pennzoil	34	34
Peoples Drug	9	8⅞
Peoples Gas	31	60¾
Pepsico	22⅞	22⅞
Perkin Elmer	20⅞	21½
Pet	31½	31⅝
Pfizer	26⅝	26⅛
Phelps Dodge	28¾	28¾
Philadelphia Elec	20⅝	20⅝
Philip Morris	65⅞	56¼
Phillips Petrol'm	29¾	30
Pillsbury	37¼	37⅝
Pitney Bowes	20⅛	20¾
Pittston	29	28⅝
Plessey Ltd ADR	14½	14⅝
Polaroid	29⅞	30¾
Potomac Elec.	13⅞	13
PPG Industries	56¾	57
Procter Gamble	80⅞	80⅞
Pub Serve Elect	24⅞	24⅝
Pullman	31⅛	32
Purex	17¾	17⅞
Quaker Oats	22	06¼
Rapid American	7⅞	8
Raytheon	30	30⅝
RCA	00¾	01⅝
Republic Steel	27⅝	27⅞
Revlon	41⅛	40⅞
Reynolds Metals	37	38¼
Reynolds R.J.	06⅝	66½
Rich'son Merrell	20	20
Rockware Inter.	31⅝	31¾
Rohm & Haas	39⅞	40
Royal Dutch	57⅛	67⅞
Russ Togs	11⅛	11⅛
Ryder System	16⅛	16⅛
Safeway Stores	47½	47⅝
St. Joe Minerals	33¾	34⅞
St. Regis Paper	31⅝	31¾
Santa Fe Inds.	41	40¾
Saul Invest.	5¾	5¾
Saxon Inds.	4⅝	4⅝
Schlitz Brewing	13¾	10¾
Schlumberger	02⅞	69½
SCM	23¾	23¾
Scott Paper	17⅝	17⅝
Scovil Mfg.	20¼	20⅝
Scudd'r Duo Vest	7¼	7¼
Sea Containers	48⅛	60⅝
Seagram	21¼	21⅝
Searle (G.D.)	12⅝	12⅝
Sears Roebuck	37⅝	38¾
SEDCO	30½	32⅛
Shell Oil	35½	34⅝
Shell Transport	39¾	32¾
Signal	33⅝	33¾
Signode Corp.	37⅛	37⅛
Simplicity Pat.	15	15⅝
Singer	22⅞	22⅞
Smith Kline	54⅝	34⅞
Solitron	2⅞	2¾
Southdown	16¾	16⅛
Southern Cal. Ed	24⅞	25
Southern Co.	17⅝	17½
Sthn. Nat. Res.	59¼	57⅞
Southern Pacific	37½	37⅝
Southern Railway	59½	69½
Southland	23⅛	23⅝
Sperry Hutch	12⅛	18⅞
Sperry Rand	36⅛	36⅛
Squibb	24⅞	66¼
Standard Brands	26¼	00⅛
Std. Oil California	41¾	42
Std. Oil Indiana	54¾	64⅛
Std. Oil Ohio	97½	97¾
Stauff Chemical	36⅛	36⅝
Sterling Drug	14¼	14½
Studebaker	46¼	47¾
Sun Co.	45	46⅝
Sundstrand	42¼	41
Syntex	20¼	20⅝
Tandy	27¾	27⅞
Technicolor	11¾	11⅞
Tektronix	05¾	33⅞
Teledyne	71½	72¾
Telex	2⅝	2¾
Tenneco	34⅝	34
Tesoro Petroleum	14	13⅝
Texaco	26¼	20¼
Texasgulf	24⅝	24⅞
Texas Instm.	89½	89¾
Texas Oil & Gas	30⅝	30⅛
Texas Utilities	21¼	21⅜
Time Inc.	36¾	36⅝
Times Mirror	24½	24¾
Timken	54¼	54
Trane	30⅝	36½
Transamerica	16	15⅞
Trans Union	38	37¾
Transway Int'nl	26¾	27
Trans World Air	6¾	2⅝
Travelers	00⅞	33¾
Tri Continental	91¼	21⅝
T.R.W.	38⅝	38½
20th Century Fox	20	21⅝
UAL	16⅛	19⅞
UARCO	20¼	20⅝
UGI	19¾	19¾
UOP	17	17
Unilever	52⅝	39¾
Unilever NV	50⅝	60⅛
Union Bancorp	11⅝	11½
Union Carbide	47⅞	47⅝
Union Commerce	2⅝	2¾
Union Oil Calif.	54	54¼
Union Pacific	06⅝	53¾
Uniroyal	10⅞	10⅞
United Brands	6¼	2⅝
United Corp.	10⅝	10½
US. Bancorp	28⅛	22¼
US. Gypsum	23⅝	23½
US. Shoe	12	12
US. Steel	32⅝	39⅝
U. Technologies	40½	41
UV Industries	12⅞	19
Virginia Elect.	16	16⅛
Walgreen	17	17¼
Warner-Commun.	30	30¼
Warner-Lambert	28¾	28¾
Waste Man'ment	13⅞	17
Wells-Fargo	23½	26½
Western Bancorp	29½	22⅝
Western N. Amer.	24½	20
Western Union	12	12⅛
Westing'h's Elect	21⅛	21⅝
Westvaco	27⅜	27⅞
Weyerhaeuser	33⅞	34⅝
Whirlpool	24⅝	24½
White Cons. Ind.	27¼	27⅛
Williams Co.	22½	23
Wisconsin Elect.	30⅝	30⅝
Woolworth	22⅝	22⅞
Wyly	1⅛	1⅛
Xerox	47¾	48
Zapata	13	13⅛
Zenith Radio	21⅞	21¾
Chile 5% 1985	†91¼	†91½
U.S. Treas. 4% 1980	†94⅞	†95
US Treas. 4¼% 75/85	†84¾	†85
U.S. 90 Day Bills	5.11%	5.11%

CANADA

Stock	July 6	July 5
Abitibi Paper	9½	9¾
Agnico Eagle	5⅝	5⅝
Alcan Aluminium	28½	29⅞
Algoma Steel	16¾	16⅞
Asbestos	21½	21½
Bank Montreal	16⅛	16⅛
Bank Nova Scotia	21⅝	20⅝
Basic Resources	9	6⅛
Bell Telephone	53⅛	53⅝
Bow Valley Inds.	61	90⅞
BP Canada	13	19⅞
Brascan	15⅜	15½
Brinco	†3.25	†3.25
Calgary Power	36⅛	30⅛
Canada Cement	25⅝	8⅝
Canada N/W Land	8⅞	6⅞
Can Imp Bank Com	24¾	24⅝
Canada Indust.	12⅝	†16½
Can. Pacific	19½	19⅛
Can. Pacific Inv.	18¾	12¾
Can. Super Oil	01¼	†50⅛
Carling O'Keefe	2.90	4.96
Cassiar Asbestos	8⅝	9⅛
Chieftain	14¾	14⅝
Cominco	33⅝	33⅝
Cons Bathurst	23¾	23⅞
Consumer Gas	16⅝	16⅝
Costain Rich	12¾	12¾
Daon Resources	8¾	8⅝
Denison Mines	47⅛	47½
Dome Mines	49	49
Dome Petroleum	40⅞	40¾
Dominion Bridge	21½	†32
Domtar	14	14¼
Dupont	16	14⅝
Falcon'ge Nickel	33	34
Ford Motor Can.	06⅛	†80
Genstar	20½	23½
Giant Y'el'wknife	6⅛	2⅛
Gulf Oil Canada	26¾	26½
Hawker Sid. Can	3¼	0¼
Hollinger	31¾	31¾
Home Oil 'A'	30¾	30
Hudson Bay Mng	15¾	15¾
Hudson Bay	10	15
Hudson Oil & Gas	38¼	38
I.A.C.	17¾	17¾
Imasco	27¼	27
Imperial Oil	20	20¾
Inco	27¾	27⅝
Indal	2	9⅛
Inland Nat. Gas.	11	10¾
Int'pr'y Pipe Line	13⅝	10¼
Kaiser Resources	14⅞	14¾
Laurnt'l Fin Corp	7⅝	7½
Loblaw Com. 'B'	3.65	3.65
Mc'mill'n Bloed'l.	12½	12½
Massey Ferguson	20⅛	20⅞
McIntyre Porcupine	37⅞	37⅝
Moore Corpn.	30⅛	30⅞
Noranda Mines	28½	29
Norcen Energy	12⅛	12⅛
Nthn Telecom	34⅝	34⅞
Numac Oil & Gas	11	11⅛
Oakwood Petr'm.	1.86	1.90
Pacific Copper M.	1.32	1.20
Pacific Petroleum	31¾	31¾
Pan. Can. Pet'm	29⅛	20¼
Patino	†17	18
Peoples Dept. S.	6⅞	6⅞
Place Gas & Oil	0.65	0.93
Placer Developmt	†18¼	12⅞
Power Corporat'n	8⅝	2⅛
Price	9½	9½
Quebec Sturgeon	†0.76	0.80
Ranger Oil	28¼	26⅝
Reed Shaw	8⅞	8⅞
Rio Algom	28¾	27¾
Royal Bk. of Can.	96⅝	26¼
Royal Trust	16⅞	†12¼
Seagrams	29⅝	22⅝
Shell Canada	14⅛	14⅝
Sherritt G. Mines	2⅛	5¼
Siebens O. G.	15⅞	15½
Simpsons	4.90	4.25
Steel of Canada	27⅝	27¼
Steep Rock Iron	2.16	2.10
Texaco Canada	30⅛	30
Toronto Dom. Bk.	19¼	18⅛
TransCan PipeLn	15⅝	15
Trans Mount Oil	12	11⅞
Trizec	†10	11
Union Gas	10⅜	10¼
United Corp "B"	10½	10⅝
Walker Hiram	26¼	23⅝
West Coast Trans	31⅝	31½
Western Geo.	19⅞	15

‡ Asked. * Assented. † Bid. § Traded. n New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ɸ Frs.500 denom. unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

July 6	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	89.3	−0.5	—	—
Allianz Versich.	425	+4	12	2.1
B.M.W.	253.5	+1.3	20	3.9
BASF	150xd	−1.3	17	5.3
Bayer	139xd	−1.3	12	5.7
Bayer Hypo	264	−1.2	20	3.2
Bayer Vereinsbk.	266.5	−2.5	60	3.2
C'tIntNed.wrts	930	—	—	—
Commerzbank	192.3	−0.7	19	4.7
Conti. Gummi	73.0	—	—	—
Daimler Benz	357.8	−0.2	19	3.3
Degussa	249	−1	19	3.6
Demag	156.5	+1.0	14	4.4
Deutsche Bank	277.5	+0.3	20	3.5
Dresdner Bank	223xr	−0.0	90	4.3
Dyckerhoff Zemt	132xd	−4.5	6	2.3
Gutehoffnung	165	−2.5	14	3.6
Hapag Lloyd	124	—	12	4.8
Harpener	190	−1	9	4.6
Hoechst	140.9	−0.3	16	5.0
Hoesch	46.1xd	−0.4	4	4.4
Horten	150xd	+4	14	5.4
Kali und Salz	103.3	−0.2	6	4.4
Karstadt	341xd	+1	20	2.6
Kaufhof	225	−1.5	20	4.4
Klockner DM.100	99.5	+0.1	—	—
Klock Humbolt	109.0xd	−2	12	3.7
Krupp	105	−1	—	—
Linde	230.5	−5	12	3.3
Lowenbrau	1,515	—	20	1.5
Lufthansa	113.5	−0.3	7	3.1
M.A.N.	174	−2	14	4.0
Mannesmann	161.6	−2.1	14	4.4
Metallges S.	220.1	−2.9	10	4.6
Munch. Ruckvers	428	—	18	2.1
Neckermann	36xr	+0.2	—	—
Preussag	147xd	−2.6	7	4.2
Rhein West Elect.	157.4	−0.1	17	6.1
Schering	273xd	−2	90	3.7
Siemens	265.5	—	10	2.7
Sud'entsche Zucker	246	—	16	4.0
Thyssen Hutte	116.8	−1	14	6.0
Varta	251	−1	14	6.2
VEBA	120.7	−1.7	12	5.1
Verein & West Bk	303	−1	20	3.0
Volkswagen	180xd	—	10	2.8

AMSTERDAM

July 6	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	90.6	+0.2	24	5.3
Akzo (Fl.20)	30.4	−0.5	—	—
Algem Bnk (Fl.100)	312	−1.5	22.50	7.1
AMEV (Fl.10)	61.1	+0.1	44	7.2
Amro Bank (Fl.20)	68.6	−0.1	22½	6.5
Bijenkorf (Fl.20)	74	—	20	0.2
Boka West'n (Fl.10)	119	+1	70	6.2
Buhrm-Tetterode	73	—	25	6.8
Elsevier (Fl.20)	250	—	21	1.2
Ennia N.V. Bearer	106.5	—	32.5	5.2
EuroComTst Fl.10	66	—	30.1	3.2
Gist Brocades F.10	34.7	−0.3	22	4.0
Heineken (Fl.25)	116	+1	14	3.0
Hoogovens (Fl.20)	35.6	−0.1	10.25	5.7
Hunter D'glass Fl	29	—	12	4.1
I.H.C. Holland	16.1	−0.4	10	6.7
K.L.M. (Fl.100)	111	−0.7	—	—
Int. Muller (Fl.20)	43.1	−0.8	19	7.9
Naarden (Fl.10)	41.3	+1.2	10	2.4
Nat. Ned. Ins'ra'ce	23.1	+0.0	44.4	4.7
Ned Cred Bk (Fl.20)	47.6	+0.1	20	2.0
Ned Mid Bk (Fl.50)	101.2	+0.0	20	6.3
OCE (Fl.20)	154	−9	34	4.4
Van Ommeren	147.5	−1.0	2	0.4
Pakhoed (Fl.20)	80.6	−0.4	21	6.2
Philips (Fl.10)	26.6	−0.6	18	6.6
Rijn Sch Ver Fl.100	58.5	−1	—	—
Robeco (Fl.50)	182.5	—	26.2	9.0
Rolinco (Fl.50)	131.5	—	5	1.2
Rorento (Fl.50)	161.1	—	21	2.7
Royal Dutch (Fl.20)	141.2	−1.1	50	7.0
Slavenburg's Bnk	233	—	19	9.2
Stevin Grp (Fl.20)	94.5	−0.1	27½	5.8
Tokyo Pac Hldgs $1	98	—	30.3	1.3
Unilever (Fl.20)	123.4	−0.2	41.8	6.9
Viking Res. Int. $1	40.5	—	60.20	1.2
VMF Stork	72.5	−0.3	14	1.9
Westland/u. Bank	365	+1.0	32	4.5

COPENHAGEN ♣

July 5	Price Kroner	+ or −	Div. %	Yld. %
Andelsbanken	149¾	−½	10	6.7
Burm'str W. & S.	200	—	13	5.7
Danske Bank	139¼	−¾	11	7.9
Dan Provinsbank	168½	−½	11	3.3
East Asiatic Co.	268¾	+¼	12	4.5
Finansbanken	131¼	−½	13	9.9
For. Bryggerier	337	−2½	9	3.2
For. Papirfabrik				
Handelsbank Cop	142½	+¼	15	6.4
U. Northern Eld.	268¾	—	11	7.0
Nord Kabel	284¼	—	12	4.2
Oliefabrik	127½	−¾	12	2.4
Privatbank	158	−½	11	3.3
Soph. Berendsen	292½	−¼	11	3.8
Superfos	292	−½	12	4.1

VIENNA

July 5	Price %	+ or −	Div. %	Yld. %
Creditanstalt	350	—	10	2.0
Perlmooser	286	—	9	3.1
Selecta	306	—	48	7.2
Semperit	115	—	—	—
Steyr Daimler	185	+1	7	3.8
Veit Magnesit	310	+3	22	7.1

TOKYO†

July 6	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	333	+2	14	2.1
Canon	535	+3	11	1.0
Casio	470	+1	25	2.7
Chinon	520	—	20	1.9
Dai Nippon Print	555	+5	18	1.6
Fuji Photo	865	+29	15	0.9
Hitachi	209	—	12	2.8
Honda Motors	621	+6	12	1.4
House Food	1,310	+10	35	1.3
C. Itoh	279	+1	12	2.2
Ito-Yokado	1,390	−40	30	1.1
Jaccs	500	—	15	1.5
J.A.L.	2,680	+130	—	—
Kansai Elect. Pw.	911	+1	9	4.4
Komatsu	308	−1	19	2.2
Kubota	302	−2	15	2.5
Kyoto Ceramic	2,930	−20	36	0.6
Matsushita Ind.	620	—	20	1.6
Mitsubishi Bank	275	—	10	1.9
Mitsubishi Heavy	120	+1	12	5.0
Mitsubishi Corp.	476	+1	13	1.4
Mitsui & Co.	345	+5	14	2.0
Mitsukoshi	452	−5	20	2.2
Nippon Denso	1,440	+40	15	0.5
Nippon Shinpan	452	+4	12	1.3
Nissan Motors	709	+1	19	1.1
Pioneer	1,620	+40	48	1.5
Sanyo Electric	210	−2	12	2.9
Sekisui Prefab	915	+22	30	1.9
Shiseido	1,210	+50	20	0.8
Sony	6,410	—	40	0.8
Taisho Marine	340	+9	11	1.6
Takeda Chemical	239	—	15	3.1
TDK	1,220	+40	30	0.9
Teijin	123	—	10	4.1
Tokio Marine	466	−1	11	1.2
Tokyo Elect. Pwr.	626	+13	2	4.3
Tokyo Sanyo	250	−5	12	2.4
Tokyo Shibaura	121	+1	10	4.1
Toray	125	—	10	4.1
Toyota Motor	972	+11	20	1.0

Source Nikko Securities, Tokyo.

BRUSSELS/LUXEMBOURG

July 5	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,579	+26	—	—
Bq Brx Lamb.	1,560	+10	60	3.9
Bekaert "B"	1,890	+10	112	5.6
C.B.R. Cement	1,370	−10	60	3.5
Cockerill	520	−10	—	—
E.B.E.S.	2,920	−10	177	2.0
Electrobel	6,200	+110	400	6.4
Fabrique Nat.	2,176	−25	100	4.6
G.B. Inno-Bm.	1,785	+10	130	7.3
Hoboken	3,100	−5	150	4.2
Intercom	1,730	−95	142	2.2
Kredietbank	9,230	+20	203	3.5
La Royale Belge	6,000xd	—	303	5.1
Pan Holding	2,280xd	—	82.25	3.0
Petrofina	4,300	−20	174	4.1
Photo Gevaert	1,249	+2	80	6.5
Soc. Gen. Banque	2,700	—	189	0.2
Soc. Gen. Belgique	2,016	+45	135	6.9
Sofina	3,050	+40	203	6.7
Solvay	2,725	—	170	7.3
Traction Elect.	2,730	+20	102	0.9
U.C.B.	2,015	+15	140	7.0
Un. Min. (1/10th)	888	—	60	6.7
Vieille Montagne	2,080	+40	100	3.2

SWITZERLAND●

July 6	Price Frs.	+ or −	Div. %	Yld. %
Aluminium	1,505	+13	10	2.0
Bally Hld.	1,040	−180	—	—
BBC 'A'	1,000	−10	10	3.3
Ciba Geigy	1,365	+0	22	1.5
Do. Do. Part.	1,070	—	22	2.0
Do. Do. Reg.	676	−1	22	3.0
Credit Suisse	2,060	−15	13	3.9
Electrowatt	1,560	+10	10	3.2
Fischer (George)	600xd	−10	6	7.4
G'nd Mag Jel Fl0	1,170	+10	20	1.7
Hoffman La Roche	63,000	+500	550	0.8
Do. (small)	6,750	−50	55	0.6
Interfood B.	4,775	−5	20	3.6
Nestle Fls (100)	3,500	—	85.8	6.4
Do. Reg.	2,085	−16	85.8	4.1
Oerlikon-Buhrle	2,060	−10	14	3.9
Sandoz (Br. 250)	4,350	—	23	1.6
Do. Br Part Certs	605xd	—	22	10.7
Schindler	670	−4	9	1.6
Soc. Int. Pirelli	199	+1	14	7.4
Sulzer	386	—	14	3.5
Swissair (F. 350)	720	−2	86	4.3
Swiss Bank Corp.	376	−1	10	2.3
Swiss Reinsur.	4,200	−23	33	2.2
Un. Bank of Switz.	2,890	−30	20	3.4
Zurich Ins. Br.	9,400	−60	40	2.1

MILAN

July 6	Price Lire	+ or −	Div. Lire	Yld. %
ANIC	183.5	−3.5	—	—
Bastogi	531	−4	—	—
Fiat	1,760	−3	150	8.5
Do. Priv.	1,181	—	150	12.00
Finsider	97	−1	—	—
Italcementi	10,780	−120	200	1.9
Italsider	142.5	−5.5	—	—
Mediobanca	36,500	−500	1,200	3.3
Montedison	251	+2	—	—
Olivetti Priv.	910	+1	—	—
Pirelli & C.	1,256	+16	110	5.8
Pirelli Spa	985	−4	80	0.8
Snia Viscosa	212	−12	—	—

AUSTRALIA

July 6	Aust. $	+ or −
ACMIL (25 cent)	†0.72	−0.85
Acrow Australia	†0.56	—
Allied Mntg-Trdg. Indus $1	†1.88	−0.02
Ampol Exploration	†1.06	—
Ampol Petroleum	†0.62	—
Assoc. Minerals	†1.40	—
Assoc. Pulp Paper $1	†0.25	—
Assoc. Con. Industries	†1.78	—
Aust. Foundation Invest.	†0.93	—
A.N.I.	†1.35	−0.01
Audimco	†1.58	−0.02
Aust. Oil & Gas	†0.10	—
Blue Metal Ind.	†0.69	+0.01
Bougainville Copper	†1.14	−0.01
Broken Hill Proprietary	†6.93	—
dH Smith	†1.24	—
Carlton United Brewery	†2.03	+0.05
G. J. Coles	†1.60	—
CSR ($1)	†3.12	−0.07
Cons. Goldfield Aust.	†1.90	—
Container ($1)	†1.61	−0.04
Conzinc Riotinto	†3.19	—
Costain Australia (25c)	†1.80	—
Dunlop Rubber ($1)	†1.04	—
ESCOR	†0.94	+0.02
Elder Smith ($1)	†1.95	—
E.Z. Industries	†9.80	+0.04
Gen. Property Trust	†1.23	−0.01
Hamersley	†3.0	−0.05
Hill 50 Uranium NL	†0.06	—
Hooker	†0.62	—
I.C.I. Australia	†1.79	+0.05
I.A.C. Holdings	†0.58	—
Inter-Copper	†0.28	—
Jennings Industries	†1.08	—
Jones (David)	†0.62	—
Metal Exploration	†0.20	−0.01
MIM Holdings	†2.10	−0.02
Myer Emporium	†2.05	+0.02
News	†1.96	—
Nicholas International	†0.77	+0.02
North Broken H'dings (50c)	†1.07	−0.04
Oakbridge	†1.25	−0.05
Oil Search	†0.08	—
Pioneer Concrete	†1.19	—
Reckitt & Colman	†3.15	−0.05
H. G. Sleigh	†0.61	—
Southland Mining	†0.23	—
Stocks & Holding	†2.10	—
Tooth (S)	†1.91	—
Waltons	†0.84	—
Western Mining (50 cents)	†1.54	—
Woolworths	†1.45	—

PARIS

July 5	Price Frs.	+ or −	Div. Frs.	Yld. %
Rente 4½	633	+0.1	4½	0.7
Afrique Occid'tle	340xd	+3	10.5	3.9
Air Liquide	337.5	−0.7	16.5	4.8
Aquitaine	297xd	—	24	7.9
BIC	527xd	−11	12.75	1.2
Bouygues	269.6xd	+1.5	30.0	11.2
B.S.N. Gervais	477	+2	37.8	2.0
Carrefour	1,000	+3	50	5.1
C.G.E.	254xd	−3	27.6	11.4
C.I.T.-Alcatel	973xd	−12	39.2	0.4
Cie Bancaire	260	+3.0	10	4.0
Club Mediter.	320	−3.9	0	1.5
Credit Com Fr'nce	86.8	+0.0	11.1	12.0
Creusot Loire	76xd	+2.1	12	16.0
Dumez	435	−6	19.5	4.9
Fr. Petroles	101xd	−1	14.1	13.1
Gen. Occidentale	170	—	9.25	4.2
Imetal	77.2xd	—	6.25	0.4
Jacques Borel	114.0	−1.5	0	7.4
Lafarge	197.9xd	−2.7	16.77	8.5
L'Oreal	777	+16	15.97	3.0
Legrande	1,086	+5	00	1.9
Mason Phenix	1,000	−6	37.5	0.0
Michelin "B"	1,176	−13	52.55	3.1
Moet Hennessey	364	+3	11.85	3.8
Moulinex	156.1	−1.6	3	1.7
Paribas	148.9	−0.3	19.9	13.7
Pechiney	77.7xd	+0.9	7.5	0.0
Pernod-Ricard	255.8xd	+2.9	13.5	5.5
Peugeot-Citroen	202.1	+0.1	16	6.3
Poclain	173	−5.2	—	—
Radio Technique	402xc	+4	24	3.1
Redoute	654	−6	97	4.0
Rhone Poulenc	61.7xd	−1.2	9	12.2
St. Gobain	111.4	—	13.65	2.3
Skis Rossignol	1,699	—	57.50	4.4
Suez	227	−2	25.5	11.3
Telemecanique	512xd	—	1.75	4.2
Thomson Brandt	131.5xd	−1.5	15.15	9.0
Usinor	26	+1	—	—

STOCKHOLM

July 5	Price Krone	+ or −	Div. Kr.	Yld. %
AGA AB (Kr.50)	168	+1	5.6	3.2
Alfa Laval B (Kr.50)	122	—	5	3.9
Asea (Kr.50)	113	—	6	4.3
Atlas Copco (Kr.25)	114	−1	5	5.2
Billeruds	149	+1	9½	6.7
Bofors	275	—	10	3.6
Cardo	330	+3	12	3.6
Cellulosa	264	+1	10	3.8
Electrolux "B"	120xd	−1	5.5	4.5
Ericsson "B" (Kr.50)	101	−2	5	6.0
Esselte "B"	225	+5	8	3.3
Fagersta	70xd	—	9	11.4
Granges (free)	55	+0.5	—	—
Handelsbanken	284	+1	17½	3.1
Marabou	120	—	9	6.7
Mo Och Domsjo	94	−1	6.0	0.9
Sandvik A. B.	911xr	—	3¾	2.7
S.K.F. 'B' (Kr.50)	73	−0.5	4½	0.2
Skand Enskilda	231	—	10	7.3
Tandstik 'B' (Kr.50)	39	−1	5	7.1
Uddeholm	51.5	+0.5	—	—
Volvo (Kr.50)	65.5	−1	6	2.6

BRAZIL

July 2	Price Cruz	+ or −
Acesita	1.75	−0.02
Banco Brazil PP	3.26	+0.02
Belgo Mineira OP	2.90	−0.02
Brahma PP	1.15	−0.02
Lojas Amer. OP	2.85	+0.07
Petrobas PP	6.34	−0.0
Samitri OP	2.34	−0.04
Mannesman OP	2.14	−0.04
Souza Cruz OP	2.50	−0.05
Vale Rio Doce PP	1.80	+0.02

Vol. Cr.72.2m. Shares 29.8

Source: Rio de Janeiro S

OSLO

July 6	Price Kroner	+ or −
Bergens Bank	101.25	−0.75
Borregaard	95	—
Creditbank	113	−1
Kosmos	420	—
Kreditkassen	110	−1.5
Norsk Hydro Kr.80	242.5	−1.6
Storebrand	119.25	−0.75

JOHANNESBURG

MINES

July 5 — Rand

- Anglo American Corpn.
- Charter Consolidated
- East Driefontein
- Elsburg
- Harmony
- Kinross
- Kloof
- Rustenburg Platinum
- St. Helena
- Southvaal
- Gold Fields SA
- Union Corporation
- De Beers Deferred
- Blyvooruitzicht
- East Rand Pty.
- Free State Geduld
- President Brand
- President Steyn
- Stilfontein
- Welkom
- West Driefontein
- Western Holdings
- Western Deep

INDUSTRIALS

- African Explos. and Chem.
- Anglo-Amer. Industrial
- Barlow Rand
- CNA Investments
- Currie Finance
- De Beers Industrial
- Edgars Consolidated Inv.
- Edgars Stores
- EverReady SA
- Federale Volksbeleggings
- Greatermans Stores
- Guardian Assurance (SA)
- Huletts
- LTA
- McCarthy Rodway
- NedBank
- OK Bazaars
- Premier Milling
- Pretoria Cement
- Protea Holdings
- Rand Mines Properties
- Rembrandt Group
- Retco
- Sage Holdings
- SAPPI
- C. G. Smith Sugar
- Sorec
- SA Breweries
- Tiger Oats and Natl. Mlg.
- Unisec

SPAIN ♥

July 5 — Per cent

- Asland
- Banco Bilbao
- Banco Atlantico (1,000)
- Banco Central
- Banco Exterior
- Banco General
- Banco Granada (1,000)
- Banco Hispano
- Banco Ind. Cat. (1,000)
- B. Ind. Mediterraneo
- Banco Popular
- Banco Santander (250)
- Banco Urquijo (1,000)
- Banco Vizcaya
- Banco Zaragozano
- Bankunion
- Banus Andalucia
- Babcock Wilcox
- CIC
- Dragados
- Inmobanif
- E. I. Aragonesas
- Espanola Zinc
- Expl. Rio Tinto
- Fecsa (1,000)
- Fenosa (1,000)
- Gal. Preciados
- Grupo Velazquez (400)
- Hidrola
- Iberduero
- Olarra
- Papeleras Reunidas
- Petroliber
- Petroleos
- Sarrio Papalera
- Sniace
- Sogefisa
- Telefonica
- Torras Hostench
- Tubacex
- Union Elec.

هكذا من الأصل

هكذا من الأصل

…Hunt soya …ase delay

By Our Commodities Staff

…DECISION on soyabean …ing charges brought against …Hunt family by the U.S. …mmodity Futures Trading …mission (CFTC) is likely …re July 29.

…dge Frank McGarr con…ed district court hearings …erday after refusing to hear …two rebuttal witnesses …ed by the CFTC and called …the two sides to submit final …ten arguments by July 25, …wing his vacation.

…e said he would then read …ugh all the material and …mpt to reach a decision by …29.

…e attorneys will also submit, …uly 22, designations to parts …depositions taken from the …ndants and other witnesses …they feel are pertinent to …case and which they want …ge McGarr to use in reaching …decision.

…e CFTC has charged that …Hunt brothers, five of their …dren and a corporation con…ed by one of the children …ed soyabean futures under a …mon plan, violating the …C regulation setting a 3m. …hel limit on the amount of …bean futures that can be …by one trading entity.

…rench coffee …edundancies …re feared

PARIS, July 6

…ENT FRENCH Government …sures to freeze coffee prices …result in closures and redun…ies in the industry, the …ch Coffee Federation said.

…an open letter to Prime Min… Raymond Barre, the Feder…o said the Finance Ministry …orchestrated a campaign of …information to justify the …ze.

…said Deputy Finance Min… Robert Boulin's statement …coffee was responsible for …per cent. out of France's 0.9 …rent. retail price increase in …was untrue.

…oasted coffee prices have …n only three-fold over the …two years against an aver…eight-fold increase in com…ity prices, it said.

…the Hague meanwhile the …h Economics Ministry said …e appeared to be nothing it …d do to assist coffee exporters …y the Greek Commerce Min…'s refusal to allow high…d coffee imports.

…tch, German, British, Jap…e and Italian exporters and …pers have agreed a compro… with the Greek authorities …h will accept the coffee at …s slightly above present …s but below the levels con…ed in March and April and …ving about 1,500 tonnes.

London sugar market tumbles to new lows

BY CHRISTOPHER PARKES

WORLD SUGAR prices continued to tumble on the London market yesterday. The daily raws price was cut by £2 a tonne to £106—its lowest for four years—and the October position lost another 92.5p dropping to £114.375 a tonne.

Traders said the continued decline was rooted in a gradual increase in selling by producers coupled with a distinct lack of interest among consumers.

In Brussels the EEC Commission authorised exports of 21,025 tonnes of white sugar at its weekly tender, increasing the maximum export subsidy from last week's 22.591 units of account per 100 kilos to 22.991 units.

The Community is now said to have only 80,000 tonnes of last season's surplus to export.

Last week the Commission issued export licences for almost 50,000 tonnes.

Closer to home, the British Sugar Corporation is expecting an average or above-average crop from the 204,000 hectares sown with sugar beet in the U.K. this year. Last year's 206,000 hectares was badly hit by drought and produced only 700,000 tonnes of white sugar. Given "ideal" weather, the BSC claimed, production could top 1m. tonnes this season.

Morning trade in New York was described as "irregular" after touching new lows. By mid-day prices ranged from 0.07c a pound lower to 0.01c higher. September sugar was selling at a new season's low of 7.47c, compared with 7.59c a pound previously.

WORLD SUGAR BALANCE 1976/77 (1,000 tonnes, raw value)

	Sept./August 1976/77	1975/76
Production	86,077	82,783
Imports	25,069	23,659
Initial stocks	20,441	17,305
Final stocks	23,330	20,441
Exports	25,296	23,100
Consumption	82,961	79,906

Source: F. O. Licht

Meanwhile, unconfirmed trade reports yesterday said Japan had refused to pay for two cargoes of sugar shipped from Australia under the long-term contract between the two countries.

The Japanese have been seeking a big cut in the contract price of $A405 a tonne.

Talks between the Japanese Government and CSR Ltd., the agents for all Australian sugar dealings, broke down recently at about the time the five-year agreement entered its third year.

Mr. A. J. Campbell, deputy general manager of CSR, said in Tokyo yesterday that Australia would accept a price cut only if the contract could be extended for a further three years.

Even then he would expect the reduced price to be fixed and ratified by the Australian and Japanese Governments.

● A British manufacturer has reacted sharply to reports from Brussels about the impact of the £29 a tonne Common Market tax on the sugar substitute, isoglucose syrup.

Mr. Bernard Smartt, managing director of Tunnel Refineries, said the EEC regime discriminated against isoglucose.

On the claim that exports of the syrup could be helped by community subsidies, he pointed out that exports were not possible because the syrup had to be kept warm to avoid crystallisation.

For the same reason he said levies on imports of the syrup into the EEC were also valueless.

And he rejected the claim that the levy of five units of account was "modest" compared with the 9.8ua charge on "B" quota beet sugar. Sugar producers spread the levy over their whole beet production, and it averaged out at less than half the isoglucose charge, Mr. Smart claimed.

Copper strike doubts continue

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES on the London Metal Exchange at one stage fell to the lowest level since March, 1976, before recovering to close virtually unchanged.

The early downward trend was triggered off by the Phelps Dodge announcement that it was cutting its domestic copper price by 3 cents to 65 cents a pound —in line with the reduction to this level announced by Asarco at the beginning of June.

John Boyle, president of Phelps Dodge Sales, explained that the company had sufficient stocks on hand to cover its "rather meagre" July sales. It was thus able to cut its copper price and avoid declaring a Force Majeure, despite the strike at most of its domestic-producing facilities.

Also viewed "bearishly" was the news of Asarco meeting the unions on Friday for fresh labour contract negotiations and continued efforts by Anaconda to reach a settlement.

However it was noted that Anaconda had not yet reached the expected agreement, and that some local plants of Kennecott were reported not to have ratified the overall agreement endorsed at the union negotiating conference over the week-end.

For the moment, therefore, the bulk of U.S. copper production remains strike-bound. According to estimates by the Commodities Research Unit in London some 2,281,000 tonnes refined capacity, equal to 87 per cent. of total production, was affected by the expiration of labour contracts on June 30.

Of the total only Newmont Mining's Magma refinery, with an annual capacity of 181,000 tonnes, has actually settled a new contract and gone back to work.

The tentative agreement by Kennecott, still to be ratified by local plants, effects refining capacity of 525,000 tonnes. Still to be settled are Asarco with a capacity of 523,000 tonnes; Phelps Dodge, 487,000; Anaconda 261,000; Amax 225,000 plus 22,000 at its Port Nickel refinery.

Contracts affecting a further 77,000 tonnes of capacity expire on July 31 and the remainder is either non-union or has labour contracts until later dates.

These are somewhat arbitrary estimates, but they do highlight the amount of copper production being lost at present following the start of the strike on July 1.

Nevertheless the precedent set by the Newmont and tentative Kennecott agreements are generally expected to lead to a relatively quick settlement of the strikes, which it is estimated would need to last for three months to have any significant impact in reducing current world surplus stocks.

Meanwhile Reuter reported from New York that Asarco said partial Force Majeure on lead shipments is still in effect due to the resumption of production at its Glover lead plant. Ascarco said it is still too early to tell when it will be lifted.

Penang tin smelter ban on overtime

KUALA LUMPUR, July 6.

WORKERS AT the Straits Trading Company Penang tin smelter have banned overtime, rest day and holiday working to back union negotiations for a new three-year wage contract, senior company executives said yesterday, reports Reuter.

But the ban, called on June 27, so far has had no significant effect on tin production, they claimed.

Executives of Datuk Keramat Smelting (formerly Syarikat Eastern Smelting) said a similar ban on overtime there ended yesterday following a management offer to the national union of smelting industry employees.

Negotiations with both smelters began in January for a new contract to replace the previous three-year agreement which expired at end-1976.

Penang trade sources said the overtime ban caused a slight lengthening in delivery times for tin from the smelters this week, but no interruption in supplies.

Both trade and industry sources discounted London market reports suggesting Malaysian tin shipments might be disrupted. Penang market sources said between 800 and 1,000 tonnes of tin shipped from Penang in the second and third weeks of June should reach Rotterdam and Hamburg before July 20, while one trader said he expected to load 580 tonnes next week for Rotterdam.

● Our Commodities Staff writes: On the London Metal Exchange yesterday, tin prices shed some of the previous day's gains. Cash tin lost £65 to £5,840 a tonne and three months £55 to £5,895.

Fears of a nearby supply squeeze appear to have eased slightly, but market sentiment generally remains "bullish."

Gum price cut pays off

By Our Own Correspondent

KHARTOUM, July 6.

VALUE of Sudan's Gum Arabic sales during the 1976-77 season which ended on June 30 was up by 48 per cent. on last year.

This continues the upward trend begun in February, 1975 when the state-owned concession company made Sudanese products more competitive by lowering export prices.

Figures from the Gum Arabic Company show that the latest year's sales amounted to 48,700 tonnes worth $60m., against 33,000 tonnes worth $40.5m. in 1975-76.

World cotton output rise forecast

BY OUR COMMODITIES STAFF

WORLD COTTON production in 1977-78 could rise to 64m. bales from an estimated 57.8m. this season largely due to expanded acreage, the International Cotton Advisory Committee said in its monthly review of world cotton out yesterday, reports Reuter.

The committee said that by far the largest increase is likely to occur in the U.S. But it also forecast sizeable 1977-78 production rises in Pakistan, India, Turkey, Mexico, Egypt, the Sudan, USSR and Colombia.

However, despite higher world production, supplies are likely to remain tight at least during the first few months of the 1977-78 season in view of lower carryover stocks and some anticipated increase in world consumption.

Currently, the world cotton carryover is expected to be only about 19m. bales against 22.7m. on August 1, 1976, and 30.8m. in 1975.

World consumption has been adversely affected by depressed consumer demand for textiles, intense competition from man-made fibres, and tight supplies of raw cotton. Current estimates for 1976-77 use are 61.6m. bales, compared with 52.7m. consumed in 1975-76.

Meanwhile the U.S. Agriculture Department in Washington predicted that 1977/78 cotton production in the United States could total between 12.5 and 13m. bales (480 lb) compared with 10.6m. in the current season, provided yields average between 480 and 500 lb. an acre.

In a summary of the cotton and wool report scheduled for publication on July 13, the USDA said the relatively favourable weather throughout the cotton belt during recent months suggested average yields should be well above the 465lb. per acre estimated for the 1976 crop.

The USDA forecast U.S. mill consumption of cotton in 1977/78 at between 6.5m. and 7.5m. bales, while exports could total between 4m. and 5m. In the current season, which ends this month, domestic mill consumption is estimated at 6.7m. bales and exports at about 5.1m.

The country's cotton stocks on August 1, 1978 could be between 3.5m. and 4.5m. bales compared with 2.75m. estimated for this August 1.

The department noted that disappearance this year is exceeding production by about 1m. bales, reflecting larger imports which are expected to be about 50 per cent. above the 1975-76 total of 3.3m. bales.

Meanwhile, U.S. mill use is down about 8 per cent. from last season's 7.25m. bales because of intense price competition from man-made fibres and continuing large cotton textile imports.

The general improvement in economic activity will probably result in total fibre use of 12 to 12.5bn. lbs. during the 1977 calendar year, up from 11.6bn. last year.

For the whole current calendar year cotton's share of the U.S. fibre market may drop to a record low 25 to 27 per cent. However, USDA noted, prospects for 1978 consumption of natural fibres are brighter, with larger supplies of cotton improving its competitive position in relation to man-made fibres.

Higher prices for cotton prompted farmers to increase their acreages for the 1977 crop to 13.4m. acres, slightly below April intentions, but well above the 11.7m. acres harvested last year.

The department also expects primary wool market prices to remain strong through the 1977 marketing year.

With major foreign producing-exporting countries supporting wool prices, a smaller domestic and total world clip expected, and a favourable backlog of business at U.S. wool mills, prospects for major declines in greasy wool prices seemed remote it predicted.

The USDA said world consumption of wool has weakened in recent months and the industry is characterised by low and short ordering and reduced production levels.

It also noted that wool stocks held by the Australian Wool Corporation (AWC) total about 1.1m. bales, about 450,000 more than forecast earlier.

The Australian inventory consists mainly of the finer Merino wools that are in less demand than coarser grades.

CHINA bought as much as 100,000 bales of U.S. cotton in recent days, according to reports circulating in the cotton market in New York. They indicate that a Japanese merchant was involved in the sale.

The cotton for shipment from November this year to February 1978 reportedly will come from the U.S. new crop.

Indian quandary over grain 'mountain'

BY OUR OWN CORRESPONDENT

NEW DELHI, July 5.

INDIA HAS almost doubled the foodgrain stocks it needs and the Government is now seeking ways of making it safe from the weather and vermin as well as running down the surplus.

A committee appointed to recommend a "safe" level of buffer stocks has said that no more than 12m. tonnes is needed to protect the country from the threat of famine. However, following winter purchases, stocks have reached the record level of 22.5m. tonnes.

Even at the end of the fifth five-year plan by 1979, the nation expects to have proper storage for a total of only 5m. tonnes. However, an agreement is expected to be signed at the end of the year for granaries to hold a further 3.2m. tonnes.

The World Bank is reported to be helping with the Rs.15bn. cost.

Most of the present stockpile is stored in the open on cement plinths and covered with canvas or plastic sheeting with the result that losses to vermin and the weather are inevitable.

Some efforts are being made to get rid of stocks, but little impression has yet been made on the "mountain." Plans are still being discussed by the Government, but they will probably take the form of increased cheap grain allowances for poor families.

In one experiment, workers on a Government irrigation project are being paid in grain.

A group of Russians is expected in New Delhi soon to talk about repayment for the 2m. tonnes of wheat India "borrowed" from the USSR during the 1972 famine.

India was to have paid back the loan in other commodities, but has been attempting—unsuccessfully so far—to persuade the Soviets to accept wheat.

Reports say that while Moscow might be prepared to accept cereals in return for the famine relief, it has refused grain offered so far because of their low quality.

…MMODITY MARKET REPORTS AND PRICES

…SE METALS

…ER—Little changed on the London …Exchange with trading thin as …inty continued about the outcome …, labour contract negotiations. …d metal advanced to £728 pre… , in spite of a Phelps Dodge pro… price cut, but helped by rumours …otiating difficulties at Anaconda. …ice slipped to £728 by the morning …lter the buying dried up. A weak …opening caused a further fall to …out as Comex steadied London …b and the close on the Kerb was … £735.5. Turnover … Amalgamated Metal Trading reported that in the morning cash wirebars traded at £714, 14.5, … three months £733, 32, 31, 30, 29, 27, 28, 29, 30, 28.5. Afternoon: Wirebars, cash £714, three months £731, 32, 33, 34, 35, 36, 35.5, 36, 35, 35.5, 35. Cathodes, three months £728.5. Kerb: Wirebars, three months £734, 34.5, 35, 35.5.

TIN—Easier in active trading. The East was stronger overnight aligning with London's Tuesday close. Forward …

	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
…	714.5-5	-8.75	717-8	+.25
…	735-.5	-8.25	735-6	-.25
…	716	-10	—	......
…	704-5	-8.75	705.5-6.5	-.5
…	722-3	-0.75	723.5-4	-2.25
…	705	-9.5	—	......
…	......	......	56.71	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+or —
High Grade	£	£	£	£
Cash	5875-85	-107	5830-50	-85
3 months	5910-1	-109	5890-900	-55
Settlem't	5885	-105	—	......
Standard				
Cash	5875-83	-107	5830-30	-85
3 months	5910-1	-84.5	5890-900	-55
Settlem't	5885	-105	—	......
Straits E.	$1492	+35	—	......
New York	—	......	*458.00	-0.56

COFFEE · RUBBER · SOYABEAN MEAL · SILVER · COCOA · SUGAR · MEAT/VEGETABLES · GRAINS · WOOL FUTURES · JUTE · PALM OIL · PRICE CHANGES · U.S. Markets

[illegible]

… otherwise stated. * Cents per 60-lb bushel ex-warehouse. ♦ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day, Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

Big foreign demand for Royal Show livestock

EXPORT ORDERS for pedigree livestock valued at £1.2m. were confirmed yesterday on the third day of the Royal Show at the National Agricultural Centre, Kenilworth, Warwickshire.

A total of 1,730 British Friesian heifers was ordered for Portugal, Spain, France and Nigeria. Kuwait bought 350 British Friesian cows.

STOCK EXCHANGE REPORT

Markets easier on worries about future wages policy

Index down 5.1 at 445.9 and widespread falls in Gilts

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 27	July 7	July 8	July 19
July 11	July 21	July 22	Aug. 2
Jul. 25	Aug. 4	Aug. 5	Aug. 16

* " New time " dealings may take place from 9.30 a.m. two business days earlier.

Stock markets went easier from the start yesterday and failed to show any signs of attempting a sustained rally. On the other hand, the decline was gradual in both British Funds and leading shares and selling was usually for only small parcels of stock. Buyers failed to make an appearance following the damaging blow dealt by the miners to hopes for an orderly return to free collective wage bargaining, and the late afternoon announcement that Mr. Jack Jones had lost the day at the transport workers conference led to a further slight lowering of quotations in both major sections of the market.

Gilts were additionally undermined by inflationary fears after Press comment on the mid-June Bank figures and losses here ranged to ⅜ which left the Government Securities index 0.38 down at 67.37; this is its lowest since March 10 last and represents a loss of 4.11 from its May 18 4-year high. Equity shares closed at the day's lowest, but falls rarely exceeded a couple of pence in the leaders. Down 3.6 at 11 a.m., the FT 30-share index was the same amount off at 3 p.m. and the late softness left a loss on the day of 5.1 at 445.9.

Trade was fairly quiet with official markings of 4,800 against 5,114 on Tuesday and 5,002 on the week-ago level. Falls were in a majority of 7-to-4 in FT-quoted equities and the FT-Actuaries three main indices showed losses of 0.6 to 0.8 per cent. Tobaccos continued to underperform with the sector index down 2 per cent. more at 203.09.

Gilts fall to ⅝

Sentiment in British Funds was not helped by diminishing hopes for some sort of wages deal after the end of the month, but yesterdays' widespread falls to ⅝ were more a reflection of a revival of inflationary fears hinged on signs of some acceleration in the growth of money supply in the latest banking figures. The market opened only slightly easier on the overnight close, but retreated progressively throughout the day on small selling and lack of support. Falls in short-dated stocks were generally limited to ⅛, but three high-coupon stocks in the 1980-82 area were down by $\frac{3}{16}$ to ¼. The two Treasury Variables, on the other hand, were virtually unchanged. Long-dated issues were quiet but, like the shorts, closed at the day's lowest with losses ranging from ¼ to ⅝, the Treasury 11¾ per cent. £15-paid tap issue being the latter amount off at a low of 12¼. In the irredeemables, War Loan 3½ per cent. shed ¼ to 28⅞.

Corporations showed scattered improvements to ¼ but the recently-issued Stockport, £50-paid, and Sunderland, £10-paid, stocks shed ¼ to 46¼ and 6⅞ respectively.

Southern Rhodesian issues were harder in places, with the 2½ per cent. stock 2 up at 40, while in *Foreign Bonds, Japan 4 per cent.* 1910 gained 8 more to a 1977 high of 265.

Institutional interest created a little more activity than of late in the investment currency market and the premium, after opening at 114½ per cent., rose to 116¼ per cent. and closed a net 1½ up at 115¾ per cent. Yesterday's SE conversion factor was 0.7002 (0.7078).

Banks react

Home Banks tended better initially helped by news of increased lending. However, early gains of a penny or so were quickly replaced by losses of that amount. Discounts moved into higher ground, with Union rising 10 to 346p ahead of interim results due July 20. Seccombe Marshall and Campion added 5 at 210p, and King and Shaxson 2 more at 58p. Merchant Banks were mixed; A. Gibbs reacted 3 to 49p, but Guinness Peat improved 2 to 172p. Among foreigners, Standard Chartered improved 5 to 345p.

Among Insurances, Christopher Moran lost 4 to 74p in the late trading on disappointment with the figures for the nine-month period. C. E. Heath, however, hardened 5 more to 655p with the help of the chairman's encouraging statement at the annual meeting. In Composites, General Accident, 190p, and Royal, 338p, both declined 4.

A. Bell continued firmly in distillers, rising 5 to 242p for a two-day gain of 18 on fresh bid speculation. Breweries had an easier bias. Whitbread A gave up a penny at 79p.

Buildings displayed a scattering of small losses. A.P. Cement eased 2 to 185p, while Taylor Woodrow gave up 6 at 358p. G. H. Downing eased 2 to 148p on further consideration of the results.

ICI, up to 403p in early dealings, gradually eased to close a net 3 lower at 398p. Anchor, however, hardened 2 to 78p.

Reyrolle lower

The Electrical leaders drifted lower. Press comment on the preliminary results failed to help GEC, which gave up 4 to 196p. Reyrolle Parsons, 166p, and Clarke Chapman, 76p, lost 3 and 2 respectively following Press comment on the proposed merger. Further demand in an extremely thin market pushed Campbell and Isherwood up 15 to 95p, but BSR were dull at 110p, down 3, along with Muirhead, 3 easier at 188p.

Leading Stores were easier where changed. Marks and Spencer lost 3 to 114p, while falls of 2 were sustained by UDS, 60p, and Gussies A, 221p, the last-named after having been down to 218p on a large line of stock overhanging the market. Woolworth closed above at 50½p, down 1½, after 49p. Elsewhere, Bakers Household Stores shed a penny to 22p, despite the higher first-half profits. Blackman and Conrad, however, rallied 2 more to 22p, while fractional gains were seen in Hnlene of London, 12½p, and Kunick, 7p, both at new peaks for the year. Time Products put on 3 to 55½p, and Owen Owen 2 to 65p. Among Shoes, Booth International regained 2 at 56p.

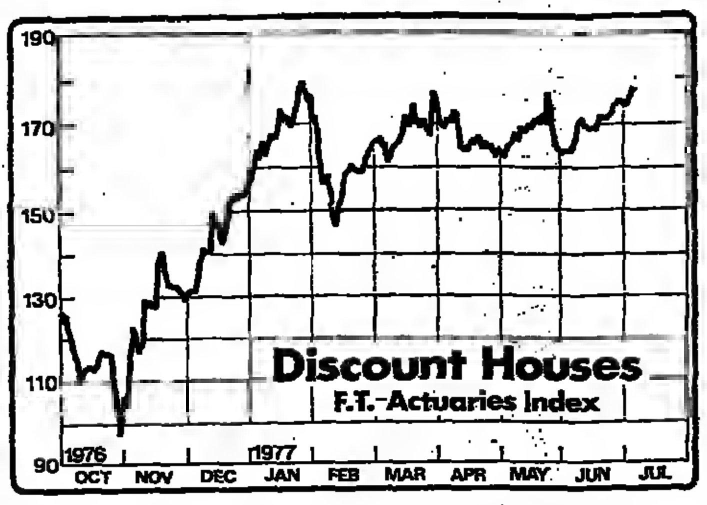
Leading Engineers were easier with the exception of Hawker Siddeley, up 3 at 681p, after 684p, ahead of Monday's share split. Losses of 3 were sustained by J. Brown, 212p, and Vickers, 188p. Delta Metal, which has interests in South Africa, declined 2 to 69p on a Press article which was adverse to that country's economy. Among secondary issues, Butterfield Harvey reacted 2 to 58p following the recent sharp rise in response to the bid from Babcock and Wilcox, which also eased 2 to 105p. On the other hand, Root Harvesters gained 3 more to 54p, or 4 above the cash offer from Hestair. Robert Riley hardened ½ to 18p on the terms of the offer from United Spring, 4 easier at 16½p; Robert Riley's Preference put on 2 to 17p on the cash bid worth 17½p per 25p of nominal stock. English Card Clothing responded to more than doubled profits with a rise of 5 at 56p. Bonser Engineering gained 3 to 24p in front of to-day's expected interim results, but Braithwaite, with annual figures due to-day, shed 2 to 212p.

Among Foods, Tate and Lyle were 4 cheaper at 198p on the appearance of a few small sellers in an unwilling market. J. Sainsbury eased 2 to 173p on the chairman's cautious remarks on the company's prospects, while J. Lyons, 90p, and Fitch Lovell, 54p, both finished a penny easier. On a brighter note, Alpine Soft Drinks attracted buyers, the Ordinary rising 4 to 110p and the new nil-paid shares 3 to 30p premium. Modest gains were also sported by Geo. Bassett, 100p, and Highgate and Job, 52p.

Apart from Wheeler's Restaurants, 5 better at 160p, Hotels and Caterers drifted gently lower in idle trading.

Redfearn weaken

News that recent bid talks with an overseas company had proved abortive caused marked weakness in Redfearn National Glass which fell away to 170p before rallying to close at 193p for a net fall of 26.



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

هكذا من الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

N. Bank	8½%	■ Hambros Bank	8½%
...ed Irish Banks Ltd.	8½%	■ Hill Samuel §	8½%
...rican Express Bank	8½%	C. Hoare & Co. †	8½%
...o Bank	8½%	Julian S. Hodge	9½%
... Bank Ltd.	8½%	Hongkong & Shanghai	8½%
...ry Ansbacher	9 %	Industrial Bk. of Scot.	8½%
...co de Bilbao	8½%	Keyser Ullmann	8½%
...k of Credit & Cmce.	8½%	Knowsley & Co. Ltd.	10 %
...k of Cyprus	8½%	Lloyds Bank	8½%
...k of N.S.W.	8½%	London & European	9½%
...que Belge Ltd.	8½%	London Mercantile	8½%
...que due Rhone S.A.	9 %	Midland Bank	8½%
...lays Bank	8½%	■ Samuel Montagu	8½%
...ett Christie Ltd.	9½%	■ Morgan Grenfell	8½%
...nar Holdings Ltd.	9 %	National Westminster	8½%
... Bank of Mid. East	8½%	Norwich General Trust	9 %
...n Shipley	8½%	P. S. Refson & Co.	8½%
...da Permanent AFI.	8½%	Rossminster Accept'es	8½%
...tol C & C Fin. Ltd.	9 %	Royal Bk. Canada Trust	8½%
...er Ltd.	9½%	Schlesinger Limited	9 %
...r Holdings	9 %	E. S. Schwab	10½%
...terhouse Japhet	8½%	Security Trust Co. Ltd.	10 %
... Coates	9½%	Shenley Trust	11½%
...olidated Credits	8½%	Standard Chartered	8½%
...perative Bank *	8½%	Trade Development Bk.	8½%
...thian Securities	8½%	Twentieth Century Bk.	10 %
...it Lyonnais	8½%	United Bank of Kuwait	8½%
... Dawes	10 %	Whiteaway Laidlaw	9 %
...an Lawrie ‡	8½%	Williams & Glyn's	8½%
... Trust	8½%	Yorkshire Bank	8½%
...ish Transcont.	9 %		
... London Secs.	8½%		
... Nat. Fin. Corpn.	9½%		
... Nat. Secs. Ltd.	9½%		
...ny Gibbs	8½%		
...e Durrant Trust	8½%		
...hound Guaranty	8½%		
...lays Bank ‡	8½%		
...ness Mahon	8½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 5% and over £25,000 5½%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5½%.
¶ Rate also applies in Sterling Ind. Secs.

...ADERS AND LAGGARDS

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax.

CORAL INDEX: Close 444-449

INSURANCE BASE RATES

† Property Growth	10%
Cannon Assurance	5 %

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101½	98⅞	Treasury 11½pc '77‡‡	100¾	......	11.41	7.60
98⅜	93⅝	Treasury 3pc '77‡‡	98½	−1/16	3.04	7.22
98¾	94⅞	Transport 4pc '72-77	98 11/16	−1/16	4.05	6.96
100⅞	95⅝	Treasury 9pc 1978‡‡	100 1/32	−1/16	9.00	8.88
102⅝	97⅜	Treasury 10pc '78‡‡	101 7/16xd	−⅛	10.35	9.00
98⅞	90⅝	Exch. 5pc '76-78‡‡	97	−⅛	5.15	7.58
104⅜	95⅝	Treasury 11½pc '79‡‡	102⅛	−3/16	11.26	10.04
94¾	84⅝	Treasury 3pc '79‡‡	92¾	−⅛	3.23	6.58
96⅛	85⅛	Electric 4¼pc '74-79	93¾	−⅛	4.53	7.33
102⅜	92	Treasury 10½pc '79‡‡	100¾	−3/16	10.42	10.21
95⅛	84⅞	Electric 3½pc '76-79	92⅞	−¼	3.77	6.80
100⅝	87¾	Treasury 9pc 1980‡‡	98⅜	−3/16	9.15	9.72
100⅜	88⅞	Treasury 9½pc '80‡‡	98 11/16	−3/16	9.63	10.02
92⅞	82⅞	Treasury 3½pc '77-80	92⅝	−¼	3.78	6.28
94¼	83⅞	Funding 5¼pc '78-80‡‡	93⅝	−¼	5.61	7.71
109⅜	96⅝	Exchequer 13pc 1980‡‡	105⅝	−7/16	12.29	10.87
105⅜	92⅞	Treasury 11½pc 1981‡‡	102½xd	−¼	11.22	10.62
89⅝	77⅞	Treasury 3½pc 1979-81	88¾	−¼	3.94	7.08
101⅛	86⅝	Treasury 9¾pc 1981‡‡	97½	−⅜	10.00	10.55
98⅜	98	Treas. Variable '81	98⅜	−1/32	—	—
110⅝	96¼	Exch. 12¼pc 1981‡‡	105⅝	−½	12.05	11.01
98¾	82⅞	Treasury 8½pc '80-82‡‡	94¾xd	−¼	8.97	9.96
87⅞	71⅝	Treasury 3pc '82‡‡	84¾	−¼	3.54	6.92
115⅜	101⅝	Treasury 14pc '82‡‡	110⅝	−½	12.63	10.96
98½	98⅜	Treas. Variable '82	98½	......	—	—
		Five to Fifteen Years				
97⅜	93⅞	Exch. 9¼pc 1982	94¾	−⅜	9.84	10.79
109⅞	95½	Treasury 12pc 1983‡‡	106½	−⅜	11.67	11.30
88⅞	72⅝	Funding 5½pc '82-84‡‡	81¼xd	−⅜	6.77	9.41
96⅜	77⅜	Treasury 8½pc '84-86‡‡	88xd	−⅜	9.65	10.59
80⅞	66¾	Funding 6½pc '85-87‡‡	76¼	−⅜	8.66	10.65
86⅞	68½	Treasury 7¾pc '85-88‡‡	78⅝xd	−⅜	9.81	11.10

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 49% (based on $US1.7206 per £)

Conversion factor 0.7082 (0.7087)

CANADIANS

S.E. List Premium 43% (based on $1.8212 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES
Thursday July 7 1977

New gold mine hope boosts shares

BY RICHARD ROLFE

JOHANNESBURG, July 6.

THE LEADING South African mining houses, Union Corporation and Anglo American Corporation, are competing for options over mineral rights in the Orange Free State, about 15 miles south of the nearest existing mine.

The area has a good chance of being the republic's first new goldfield for 25 years, since the discovery of the Evander Field by Union Corporation, then chaired by the late Lord Bracken.

The present situation is that Union Corporation is drilling nine boreholes centred on the farm Palmietknil and Anglo American three holes in the same general area.

This is an almost unprecedented number of drills to be working in a confined area so far away from the established goldfields.

According to a mining house spokesman to-night: "You wouldn't expect anyone to put that number of machines into a prospect unless it was rated very highly."

Option hunters — usually smaller groups or private consortia which aquire mineral rights in the hope or later selling them to the mining houses at a profit—are active in the area.

But Union Corporation and Anglo American between them seem to have secured most of the prime areas, at least in terms of existing geological theory.

In the event of a mine or mines eventually being established, some co-operation between the two to rationalise their blocks of ground will probably be needed, as is usual in these circumstances.

There has been sporadic activity in the Palmietknil area for about the past five years but it has intensified recently.

Over the past 10 trading days, Union Corporation shares have moved up sharply from 340 cents to 400 cents on the Johannesburg Stock Exchange in heavy dealings, with 83,000 changing hands to-day. In London the shares advanced 18p to 248p.

From details which have so far filtered back to Johannesburg from the drill sites, the gold-bearing reef has been intersected to a number of holes at depths between 2,500 feet and 5,000 feet.

This is relatively shallow for a South African gold prospect and goes some way to explain the number of drills now being brought to bear.

The mining houses are increasingly wary of deep-level mines because of high capital costs, the six- or seven-year lead time to production and the difficulty in obtaining equity finance from overseas investors.

Mining News, Page 35

EEC may erect new trade barriers, warns Barre

BY ROBERT MAUTHNER

PARIS, July 6.

M. RAYMOND BARRE, the French Prime Minister, has warned the U.S. and Japan that France and its European partners could take steps to protect their advanced technology industries if adequate measures to ensure fair international competition were not taken.

In a hard-hitting speech to the Franco-American Chamber of Commerce here last night, M. Barre emphasised that European companies were unable to compete effectively with their U.S. rivals in the aerospace, nuclear and electronic sectors even though their technological know-how was at least as great.

The U.S. and Japan had a virtual international monopoly in these fields either because of the dominant position of their far-flung multinational companies or, as in the case of the U.S. aircraft industry, because a large domestic market gave it a unique base for dominating the world market.

"Europe could not accept a situation in which the existence of such large organisations deprived it of the right to develop its own industries on which its whole economic future depended," M. Barre said.

After pointing out the old Liberal free trade philosophy which had inspired the multilateral trade negotiations of the last decade was no longer sufficient to ensure "harmonious" development of trade in to-day's world, the French Prime Minister went on to define how the system should be modified.

What was required was an "organised free trade" system which would permit a fair share out of economic activities between countries and avoid the dangers for European countries of ruinous competition from low-wage manufacturers and international monopolies.

More attention should be paid to the conditions in which international trade was conducted and special account should be taken of industrial sectors which were particularly sensitive to foreign competition.

As regards the multilateral trade negotiations in Geneva, M. Barre said the aim should be to achieve a harmonisation rather than a reduction of custom duties, as well as the elimination of the most restrictive non-tariff obstacles to trade and a better organisation of agricultural trade.

The Prime Minister's statement confirms the recent trend in France towards more protectionism, exemplified by last month's unilateral decision to impose import quotas on a number of textile goods imported from the Far East and North Africa. The new line has clearly been motivated by the unfavourable economic climate in France and the political imperative of bringing down the high unemployment rate before next spring's general election.

By attacking the multinationals, the Prime Minister has taken a leaf out of the Socialist-Communist opposition's book. The threat of measures to protect the country's advanced technology industries against U.S. competition is the kind of language which can always be counted on to pay political dividends in France.

World Trade News, Page 7

Pakistan opposition welcomes army coup

By David Housego, Asia Correspondent

PAKISTAN'S new military régime, which ousted Mr. Bhutto in a coup d'état on Tuesday, has received support from the leaders of the former opposition Pakistan National Alliance (PNA).

The régime has freed Pir Pagaro, president of the Pakistan Muslim League and for some time the PNA main spokesman. It also indicated more politicians might be released within a week.

The measures are the first sign that the army, which yesterday claimed it would hold the arena pending fair and free elections in October, is leaning towards the PNA and in particular the Moslem groups within it.

Still uncertain is the future of Mr. Bhutto, who together with several cabinet colleagues, is being detained at Murree about 40 miles from Islamabad.

Some factions within the army appear anxious that Mr. Bhutto will not participate in the elections. But any attempt to move Mr. Bhutto from public life would make a mockery of the promise of free elections.

Mr. Bhutto's People's Party won the general election of March 7 which the opposition says was rigged.

Heartened

The takeover was welcomed by Mian Tufail Mohammed, president of the powerful Jamaat-i-Islami party, one of the nine members of the PNA coalition, and the main impetus behind the Moslem opposition to Mr. Bhutto.

General Zia-ul-Haque, the army chief of staff, who has become Chief Martial Law Administrator, said in his broadcast on Tuesday night that he had been heartened by the Islamic sentiment that emerged in the agitation against Mr. Bhutto.

The military continued to guard key buildings yesterday as they consolidated their rule though all the major cities were reported quiet.

K. K. Sharma writes from New Delhi: The new military régime in Pakistan has assured the Indian Government it will continue the process of normalisation of relations in terms of the Simla Agreement signed in 1972 soon after the Bangladesh war.

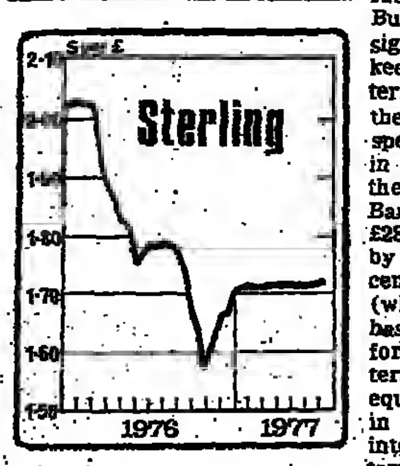
The assurance could prove embarrassing since the Simla Agreement has been implemented in all respects except the Kashmir issue, the final step of normalisation.

Editorial Comment Page 16

THE LEX COLUMN

Sterling debate intensifies

Index fell 5.1 to 445.9



The great debate about the monetary impact of North Sea oil has suddenly acquired unexpected topicality. Recent capital flows have accelerated and exaggerated the current account turnround, the whole process being further magnified by the problems of the dollar. The potential inconsistencies of the official strategy—that sterling should drift down very slowly, that the reserves should be boosted and that the published monetary targets should be strictly maintained—are becoming obvious much sooner than might have been anticipated.

In the City the international monetarists are in full cry. Their view—as put forward, for instance, in a special Monetary Bulletin on North Sea oil published to-day by Greenwell—is that sterling must be allowed to float upwards, with only a minimum amount of intervention by the authorities in the foreign exchange markets.

But the Treasury and the Bank of England are still gritting their teeth and absorbing dollars in large amounts in order to peg the sterling parity which has hardly budged from $1.72 all this year. Partly this is because the constant competitiveness school of thought still dominates official thinking; and the linkage to a weak currency like the dollar is a rough and ready way of cushioning export margins.

Early action

The signs are, however, that the growth of money supply is starting to accelerate, and the authorities are nowadays committed to taking early action to curb excessive monetary expansion—there is no question of them sitting around until September as they did last year. Past hang-ups still persist, as shown by the reluctance to activate the 1991 tap, dormant since the beginning of last month because it has been a couple of points above market levels. But the authorities have already rushed out an unexpected second issue of floating rate bonds.

The other reason for official caution is the growing threat of trouble on the pay front, which helped to send the F.T. Government Securities Index down yesterday to its lowest level for almost four months. A confidence reversal which led to a hunt of weakness for sterling would certainly push any monetary dangers into the background for the time being. But after a nervous spell a few weeks ago the foreign exchange markets seem to have lost interest in pay policy, perhaps attaching more importance to the absence of a July reflationary package and the Bank of England's reaffirmation of money supply control, and less to the possibility of a pay explosion, than U.K. investors who are only half-convinced by the monetarist arguments.

If sterling survives the shrinking of Stage Three to a figleaf the conflicts will become apparent. If interest rates are pushed up to depress the money supply the attractions to overseas money will be increased and the move could become self-defeating.

To avoid this the authorities might choose to exaggerate still further the existing pattern of a very steep yield curve: that is, long rates could be raised further, to above 14 per cent. which seems to be a significant level for long gilt yields, but short rates could be allowed to drift downwards to discourage inflows. The latter might also be curbed by any tendency for U.S. rates to rise.

Such tactics might, however, cause the narrow version of the money supply (M1) to be buoyant even if the broader M3 version were successfully restrained within the 9-13 per cent. target growth band. Moreover the equity market would be adversely affected, jacking up the cost of capital for companies. That would be no recipe for translating the North Sea bonus into a capital investment stimulus leading the way to an increased economic growth rate.

In theory this circle might be squared if the currency inflow could be mopped up by long-dated sales at moderate interest rates (or by indexed bonds). But there are no very strong signs yet that foreigners are keen to become substantial long-term holders of gilts, although they may dabble at times of speculative opportunity, as in the exceptional conditions of the first quarter of 1977 (the Bank of England identified £282m. of gilt-edged purchases by overseas investors other than central monetary institutions, which sold a net £80m.). It has to be taken into account that foreigners are buying other long-term assets like property, and equities from U.K. holders who in turn may be willing to go into gilts. But this is uncharted territory.

So the stock market is going through a nervous period. There are still plenty of long-term bulls of gilts around—Greenwell, for example, and Sebag and Milbank—but many brokers are recommending a defensive short-term approach, and Capel, Myers have gone so far as "reserving position" on their strategic bullish view.

The alternatives

The Government could respond to balance of payments pressures in ways which are disturbing. The chief fear, perhaps, is that the Government will pay off the IMF and other loans way out of part of the plus. This would be bound to exaggerate the wages problem and lead rapidly into another phase of crowding out in financial markets. Alternatively, the Treasury might try exchange clamps on currency inflows as well as maintaining the current controls on outflows which it is naturally difficult to remove. The implications of this are more obscure, though it would be a technical nightmare and would be likely to lead to higher interest rates than otherwise.

The bullish alternative is set out in Greenwell's special bulletin: sterling should be allowed to float while DCE is controlled and exchange restrictions are progressively eased. This would bring down inflation and interest rates. But the problem is that such a policy would in the short run hurt export profitability, while long run benefits for the economy claimed by Greenwell are rather vaguely on the horizon; the economy will emerge from a vicious spiral into a virtuous circle.

Imports take more than 40% of British car market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE THREAT that car imports of more than 40 per cent. may become a permanent feature of the U.K. market is being taken seriously by British manufacturers.

The depth of the decline which has set in for the U.K. car producers was illustrated yesterday in figures published by the Society of Motor Manufacturers and Traders.

They show that during the first half of this year, when the market increased by only 0.5 per cent. to 700,443 units, imports have been running at a rate of 43.2 per cent., an increase of about 8 per cent. on the same period last year.

There is little chance of the trend being reversed in the next six months unless there is a radical improvement in the performance of British Leyland and Ford.

The possibility of the British market settling down at these high import levels—higher than in any other car manufacturing country in Europe—would have been dismissed up to 18 months ago, when Government ministers were talking about a rate of more than 25 per cent being unacceptable.

U.K. REGISTRATIONS JUNE	Units	%
Ford	27,637	28.0
British Leyland	22,825	23.1
Vauxhall	9,145	9.3
Chrysler	5,937	6.0
Datsun	6,696	6.8
Fiat	4,944	4.8
Renault	3,787	3.8
VW/Audi	2,722	2.8
Others	15,198	15.4
Total	98,891	100.0

But since then, the U.K. car manufacturers have added about 10 per cent. to the import total by bringing in cars from their Continental plants.

Some companies argue that these "tied" imports which are sold through the same franchises as the British manufacturers' domestic products, give a false impression to the figures. There is so much integration in component and car assembly work among multinational companies that it is impossible to say what is a truly nationally-produced car.

However, partly because of the "tied" imports, the U.K. industry believes that it will be very difficult to reverse the present trend.

The import trend has been exaggerated by the policies of the Government-backed car manufacturers—British Leyland and Chrysler—who are using their continental plants as a source for some of their models. Chrysler, for instance, has been bringing in the Alpine for some time (although U.K. manufacturing of this model is building up), and British Leyland has just started importing Belgian-assembled Allegros, with 110 deliveries last month.

The Allegro is such a large-volume car (some 55,000 were sold in the U.K. last year) that the import figures are likely to remain high even if the sourcing pattern of other manufacturers is changed.

Ford's imports last month came to 5,705 units, which gave it total sales of 27,637 cars and put it comfortably ahead of British Leyland in the sales league (22,825 units).

Vauxhall followed with 9,145 sales, of which 2,890 were Belgian Cavaliers, while Chrysler registered 5,937 cars, including 896 imports.

In the overall league table Chrysler was knocked into fifth place by Datsun, the leading importer with 6,696 sales.

Ford halts investment until output rises, Page 8

CBI wants firm figure set for public sector pay rises

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE CONFEDERATION of British Industry now believes that the main defence against a wages explosion in August will be the Government's attitude to demands from public-sector employees.

The hope is that the Government will produce a pay and prices White Paper which will put a firm figure on the maximum pay rises it will permit in the public sector.

Mr. John Methven, the confederation's director-general, said last night: "If there is not going to be an agreed year three between the Government and the unions, it is all the more important that the Government makes it clear where it stands in relation to the pay of 7m. people who work in the public sector.

"If the Government holds the line, the private sector of industry will do its damnedest to hold the line as well."

The CBI long ago concluded that the TGWU might reject the idea of a Phase Three and there was no particular surprise about yesterday's vote.

The employers cling to the hope that there are still a number of factors which will prevent excessively high wages claims even if there is no Government-union agreement on pay.

Many companies, and union negotiators too, will fight to retain the "12-month rule" that there should be at least a year between wage increases.

It will also be clear to unionists that many companies are simply in no shape to pay enormous wage claims.

The indications are that the average company could face pressure for increases of between 14 and 17 per cent., more than they can afford but not spectacularly high.

Mr. Methven gave a warning last night that "Britain is already pricing itself out of world markets because our inflation rate is two or three times higher than that of our competitors. The question is: what can Britain afford to pay if Britain is to remain competitive and maintain jobs?"

Journalists elect moderate

By Pauline Clark, Labour Staff

MR. KEN ASHTON, a moderate who believes that closed shops for journalists should be secured by voluntary means rather than imposed, is to be the next general secretary of the National Union of Journalists, it was announced after a 30 per cent. ballot yesterday. He will replace Mr. Ken Morgan, who leaves the £8,000 a year post on October 1 to become joint secretary of the Press Council.

The announcement comes at a time when the controversial issues of newspaper closed shops and Press freedom have turned the spotlight on to the comparatively small 28,000-member union.

Mr. Ashton faces the tricky problem of warding off threats to the unity of the union from rivalry between the left and right. But he said he was much encouraged by the ballot which had shown a strong preference for the middle of the line candidates.

Under a transferable voting system with a total poll of about 8,000, Mr. Ashton had a clear lead with 4,111 votes. Mr. Bob Norris, also a moderate, was runner up with 3,239 votes. A surprise result was the comparatively low vote received by the Left-wing favourite, Mr. Michael Bower.

The task ahead, Page 9

Weather

U.K. TO-DAY

DRY, sunny. Early mist.

London, E. Anglia, S.E. England
Dry, sunny periods, perhaps scattered showers. Max. 23C

Cent. S., S.W., N.W. England, Wales, Channel Is., Lakes, Isle of Man, S.W. Scotland, Highlands, N. Ireland
Dry, sunny periods. Max. 25C

Midlands, Cent. N. England
Dry, sunny periods. Max. 24C

E. and N.E. England
Dry, sunny intervals. Max 20C

Borders, Edinburgh, Dundee, Aberdeen areas, Moray Firth, N.E. Scotland
Argyll, N.W. Scotland
Dry, sunny periods, some coastal fog patches. Max. 20C (68F).

Orkney, Shetland
Dry, sunny periods, some coastal fog.

Outlook: Dry, warm with sunny spells. Perhaps scattered showers in the S.E.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F
Al'x'ndria	[illegible]	[illegible]	[illegible]
Amstrdm.	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]
Birmghm.	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]
Cardiff	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]
Copnhagn.	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]
Edinbrgh.	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]
H. Kong	[illegible]	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]
Luxembg.	[illegible]	[illegible]	[illegible]

	Y'day Mid-day	°C	°F
Madrid	[illegible]	[illegible]	[illegible]
Manchstr.	[illegible]	[illegible]	[illegible]
Melbourne	[illegible]	[illegible]	[illegible]
Mexico C.	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Montreal	[illegible]	[illegible]	[illegible]
Moscow	[illegible]	[illegible]	[illegible]
Munich	[illegible]	[illegible]	[illegible]
Newcastle	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Perth	[illegible]	[illegible]	[illegible]
Prague	[illegible]	[illegible]	[illegible]
Reykjavik	[illegible]	[illegible]	[illegible]
Rio de J'o	[illegible]	[illegible]	[illegible]
Rome	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Strasbrg.	[illegible]	[illegible]	[illegible]
Sydney	[illegible]	[illegible]	[illegible]
Tehran	[illegible]	[illegible]	[illegible]
Tel Aviv	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Toronto	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Warsaw	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]
Cape Tn.	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]
I. of Man	[illegible]	[illegible]	[illegible]
Jersey	[illegible]	[illegible]	[illegible]

	Y'day Mid-day	°C	°F
Las Plms.	[illegible]	[illegible]	[illegible]
Locarno	[illegible]	[illegible]	[illegible]
Luxor	[illegible]	[illegible]	[illegible]
Majorca	[illegible]	[illegible]	[illegible]
Malaga	[illegible]	[illegible]	[illegible]
Malta	[illegible]	[illegible]	[illegible]
Nairobi	[illegible]	[illegible]	[illegible]
Naples	[illegible]	[illegible]	[illegible]
Nice	[illegible]	[illegible]	[illegible]
Oporto	[illegible]	[illegible]	[illegible]
Rhodes	[illegible]	[illegible]	[illegible]
Salzburg	[illegible]	[illegible]	[illegible]
Tangier	[illegible]	[illegible]	[illegible]
Tenerife	[illegible]	[illegible]	[illegible]
Tunis	[illegible]	[illegible]	[illegible]
Valencia	[illegible]	[illegible]	[illegible]
Venice	[illegible]	[illegible]	[illegible]

S—Sunny. F—Fair. R—Rain. H—Hazy. Fg—Fog.

Continued from Page 1

TGWU votes to end curbs

much more seriously—but also on the Ford claim. This claim, due for settlement in October, has already been submitted in anticipation of the return to voluntary collective bargaining.

Even more important in the light of yesterday's decision will be the negotiations in the public sector for about 1m. local government and hospital manual workers. Mr. Jones admitted that the conference decision was "a blow to those of us who wanted to see a minimum pay policy to help the low paid."

The debate itself lasted nearly four hours and reached at times a high pitch of emotion and even anger. The conference had to consider two main resolutions.

The first, backed by the platform, said an orderly return to voluntary collective bargaining should begin this year.

Like the TUC resolution of last autumn, a number of items were added to which negotiators should give priority.

These included restoration of differentials to reward effort, skill and responsibility; improvements in basic rates coupled with a TUC minimum wage policy; consolidation of incomes policy earnings supplements into basic rates; expansion of incentive schemes and "genuine" productivity schemes; and a shorter working week, or earlier retirement in order to help the unemployed.

Against that was the resolution backed by many of the union's big industrial groups—including car workers, dockers, builders and busmen—that said present policies aggravated the crisis of unemployment and that there should be a return to unfettered collective bargaining from August 1.

Mr. Jones told the conference that he felt like David tackling Goliath as he launched into a 35-minute speech punctuated by heckling. He appealed to the conference not to damage the unity of the trade union movement by repudiating the TUC commitment last year to honour Stage Two deals to their end.

He told the delegates that the fall in living standards had not been the Government's fault but was due to external circumstances that would not go away "just because someone makes a fiery speech."

Defeat for the platform's resolution would make things 10 times worse for years to come, he said, and would give everything up to Mrs. Thatcher and the "party of privilege." Defeat would not help the Government but would paralyse it. He also warned of the effects of cash limits operated by Conservative-controlled local councils if there was no understanding with the Government.

By the time he rose to speak, after the lunch break, Mr. Jones seemed to realise that the odds were against him. During the morning more than 50 speakers had been to the rostrum, the great majority of them to attack the platform's line. Many argued that completely free bargaining would help the Government by bringing back the Labour vote. They also argued that if the strong were given their head the weak would be drawn into their train.

Subsidiary resolutions suggesting withdrawal from the social contract and the addition of price escalators in wage settlements—this one moved by Mr. Alan Thornett, the Trotskyist shop steward from Leyland in Oxford known as "The Mole"—were defeated.

There was no immediate reaction from Congress House last night. Mr. Len Murray, TUC general secretary, is away on holiday.

Continued from Page 1

Accountants

commerce, industry and the Government.

The statement made no reference to current cost accounting, as such. Indeed one of the notable features of the 3½ hour meeting was the degree of support which still exists in the profession for the current purchasing power method which accountants stopped supporting after the Sandilands committee recommended CCA.

Mr. Martin Haslam and Mr. David Keymer, the two accountants who led the successful Institute campaign against making CCA compulsory, argued that if CCA were to become the main basis for preparing company accounts it could "institutionalise" inflation.

If anything, they said CCA figures should only be supplementary to existing historic accounts, and even then it should only become binding after a trial period of say five years.

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc.

[illegible]

TRUSTS—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	136	Messina R0.50	136	−2	Q45c	2.8	22.2

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p.	9	—	—	—	—
31	18	Charterhall 5p	23½	−½	—	—	—
107	58	Colby Mines SC1	95½	+½	—	—	—
600	350	Cons. Murch. 10c	350xd	−10	‡Q240c	1.4	‡
445	330	Northgate C$1	440	−5	—	—	—
247	173	R.T.Z.	203	+1	8.0	q3.1	6.1
70	42	Sabina Inds. C$1	45	+1	—	—	—
£14¾	£11¼	Tara Exptn. $1	£14⅞	—	—	—	—
53	39	Tehidy Minerals 10p	45	—	1.19	♦	4.1
160	123	Yukon Cons. C$1	130	+2	Q6½c	3.6	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✶ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 42

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

IRISH

[illegible]

OPTIONS

3-month Call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page